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Algeria	6.00	Dh	115	F	1.000	R	1.000
Austria	22.6	S	1.00	S	1.45	S	1.45
Belgium	20.00	D	1.00	S	1.00	S	1.00
Canada	1.10	S	1.00	S	1.00	S	1.00
France	1.00	F	1.00	S	1.00	S	1.00
Germany	1.00	M	1.00	S	1.00	S	1.00
Italy	1.00	L	1.00	S	1.00	S	1.00
Japan	1.00	Y	1.00	S	1.00	S	1.00
Spain	1.00	P	1.00	S	1.00	S	1.00
Switzerland	1.00	F	1.00	S	1.00	S	1.00
U.S.	1.00	D	1.00	S	1.00	S	1.00
U.K.	1.00	£	1.00	S	1.00	S	1.00

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PEOPLE
Denounce Lack of U.S. Support
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France Tightens Gulf Role
Admiral Warns Ships Will Fire On Iran Gunboats
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Senator Jesse Helms Urges
Amendment of the INF Treaty, Citing Serious Defects: Page 7
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Attention Executives
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Office Services
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MIAMI, U.S.A.
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A U.S. Shift Is Seen On Soviet IMF Link

By Clyde H. Farnsworth
New York Times Service
WASHINGTON — President Ronald Reagan has opened the door to Soviet membership in the World Bank, the International Monetary Fund and the General Agreement on Tariffs and Trade, provided that Moscow makes good on its talk of economic reforms, according to a policy document the White House is expected to release within days.
 The new position contrasts sharply with the president's strongly stated opposition last year. The Soviet Union has expressed interest in joining all three organizations.
 The policy document took note of Soviet statements about economic reforms along lines emphasizing free markets and said the United States could consider endorsing Soviet participation in the organizations provided the policy statements were "translated into positive action."
 Until then, the document added, the Soviet system remained "fundamentally incompatible with participation in free-world institutions."
 This was a shift from the much



SHIITE FORCES LEAVE BEIRUT CAMPS — Tanks and troops of the Lebanese Army's largely Shiite 6th Brigade preparing on Wednesday to withdraw from their positions at the Shiite Muslim Amal militiamen also pulled out of their encampments, ending a siege that had lasted three years. Page 2.

Israel Sets Policy of Beatings

By Jonathan C. Randal
Washington Post Service
JERUSALEM — Israeli security forces are replacing a policy of beatings with a tactic designed to reduce Arab casualties and end six weeks of Palestinian unrest in the occupied West Bank and Gaza Strip.
 Revealed by Defense Minister Yitzhak Rabin, the policy was carried out throughout the occupied territories, with beatings reported in Gaza refugee camps, against West Bank demonstrators and in Arab East Jerusalem.
 But young Palestinians defiantly staged anti-Israeli demonstrations, burning tires and throwing stones at security forces. A general strike that has paralyzed commerce in the territories for nearly two weeks continued despite forced openings of shops in the West Bank city of Ramallah and renewed threats of a crackdown on merchants who remain closed.
 As violence in Arab suburbs of Jerusalem continued to mount, city officials confirmed that police chief, Yosef Yubudai, was seeking emergency powers to declare curfews and force shop owners to open their stores in the eastern part of the city, which was captured and annexed by Israel in 1967.
 Under Israeli law, those powers can be granted by the military commander in the West Bank. An army spokesman said that the commander was in communication with city officials and would consider granting the additional powers. But contrary to earlier reports, the spokesman said the commander had not received a formal request for the powers and had not granted any.
 Israeli radio reported that at least 20 young Palestinians were arrested for stone throwing and other acts in renewed violence in Arab villages near Jerusalem.
 In the most serious incident, a police jeep in the suburb of Isawiya was hit by stones, then swerved out of control. Two policemen and the alleged stone-thrower were injured.
 Mr. Rabin, who told the Knesset, Israel's parliament, on Tuesday that "no demonstrators have died from being thrashed on the head" by anti-rebel troops, was quoted Wednesday by Israeli Army radio as saying that "the goal is to act against violence with punches and blows and not live ammunition."
 Mr. Rabin said that the new policy of "using might, power and beatings" was working and that protests had declined to "nearly zero" in the territories.
 At least 38 Palestinians have been shot and killed by Israeli forces since the violence began Dec. 9, and the use of live ammunition by the military has been criticized in Israel and abroad.
 Major General Amram Mitzna, the army commander in the West Bank, said Wednesday that when youths attempt to prevent merchants from opening their stores, "we will grab who we can and some of them will get beaten so that

The Falling Dollar: Painful Lessons in Election Year Politics

By Leonard Silk
New York Times Service
NEW YORK — For Americans traveling abroad or residing there and being paid in dollars, the currency's fall can be felt not only as a strain on the pocketbook but as a personal insult. Feeling overcharged, overspent and over there, they ask: "Is this what we're worth now — half what we were a few years ago?"
 For the professional economist, the dollar's value is an abstraction, a function of supply and demand in the foreign exchange market, as affected by a host of factors.
 These factors include flows of imports and exports, disbursements of interest and dividends, capital movements, the relative level of U.S. and foreign interest rates, events in the stock markets and the intervention of central banks. They also include relative levels of private savings and investment in the United States and abroad, the U.S. federal budget deficit, productivity changes and inflation, the growth of U.S. gross national product relative to other nations, and the actions of other nations.
 U.S. inflation grew a moderate 0.1 percent in December and 4.4 percent for all of 1987. Page 9.
 growth abroad and, as economists now have learned to say, "expectations."
 For the economist, the falling dollar may seem a very good thing for restoring equilibrium to the current balance of payments. But for the innocent abroad, the shrunken dollar is felt as a blow to pride, ego and national pride. The depreciation of his currency makes him angry, and he searches for villains: foreigners who are ripping him off or politicians in his own government who are doing the same.
 Dollar depreciation is a kind of inflation. It not only erodes the value of money but undermines confidence in its reliability, the most important attribute of money. That makes the individual feel part of a crowd — the crowd of the cheated and humiliated.
 As Elias Canetti, 1981 winner of the Nobel Prize in Literature, put it, "inflation is a crowd phenomenon in the strictest and most concrete sense of the word." It drives together those who think they have been cheated, and unites them against those they think have cheated them. And, in the case of a runaway inflation, such as Germany's after World War I, they never forget it.
 Mr. Canetti called inflation "a witches' sabbath of devaluation where men and the units of their money have the strangest effects on each other. The one stands for the other, men feeling themselves as 'had as their money; and this becomes worse and worse. Together they are all at its mercy and all feel equally worthless." They seek vengeance on those who they think did this to them.
 Thus, Mr. Canetti warned, inflation causes something to happen that is so dangerous that anyone charged with public responsibility who is capable of foreseeing it must fear it. This thing is a "double devaluation" originating in a double identification: that of the individual with his money, and that of the individual with the crowd of the dispossessed, hostile to those dispossessed to him.
 The dollar's fall against other currencies does not affect everyone in the United States with the same force as domestic inflation. Still, the inflationary

U.S. Lists North Korea As Terrorist

Compiled by Our Staff From Dispatches
WASHINGTON — The State Department put North Korea on its list of countries that support terrorism and announced other sanctions on Wednesday to register outrage over North Korea's alleged role in the bombing of a South Korean airliner.
 It said North Korea did not "live up to the standards of civilized behavior."
 The State Department spokesman, Charles E. Redman, said Washington had acted after concluding that "the evidence of North Korean culpability is compelling" in the destruction of Korean Air Flight 858 in November.
 A 25-year-old woman who had been a passenger on an earlier leg of the flight said Friday that she was a North Korean agent and had placed a bomb on the plane. The woman, who had traveled under a false Japanese passport, said she acted under orders from Kim Jong Il, the son of North Korea's leader, Kim Il Sung, to disrupt the 1988 Summer Olympics and to create unrest in South Korea.
 In addition to officially naming North Korea a state sponsor of terrorism, Mr. Redman said the State Department would tighten its already strict visa controls on North Korean passport holders and reimpose a prohibition on contacts with North Korean diplomats.
 Mr. Redman said the U.S. action would have little practical impact on North Korea, since it was imposed under U.S. export laws and there is little if any U.S. trade with North Korea.
 But he said the designation was "an important symbolic act, for it emphasizes by a formal listing our conviction that North Korea supports terrorism."
 Mr. Redman also said the United States would support all efforts to bring North Korea to account, but did not provide details. Last week, South Korean officials threatened to retaliate against the North Koreans. State Department officials said Seoul had told them it was not planning a military move.
 Mr. Redman said that Secretary of State George P. Shultz had designated North Korea as a state sponsor of terrorism and withdrawn authorization granted in March allowing U.S. diplomats to hold "substantive discussions" with North Korean diplomats in neutral settings.
 The five other countries on the U.S. list are Iran, Libya, Syria, Cuba and Southern Yemen.
 The spokesman said that there had been "some contacts" but that they had not produced any results.
 (AP, Reuters)



A militiaman, whose force backs the Afghan government, on patrol in Khost.

In Khost, a Precarious Rule

Despite Breaking of the Siege, Rebel Threat Persists
 By Philip Taubman
New York Times Service
KHOST, Afghanistan — Three weeks after Soviet and Afghan forces broke the prolonged siege of this dusty garrison town near the Pakistani border, government control seems precarious.
 The 80-mile (130-kilometer) road through the mountains to the nearest source of military and civilian supplies, reopened by Soviet and Afghan troops on Dec. 30, must be inspected daily for newly planted mines. Major Yuri A. Provorov, the commander of a Soviet mine-clearing unit, said Tuesday.
 The Khost airport, a dirt strip that is heavily defended by government forces, operates only at night because of the danger of attacks against aircraft by rebels armed with U.S. Stinger missiles.
 During a visit to Khost and some of the surrounding area by a group of Soviet and foreign reporters on Tuesday, the thud of artillery fire and the roar of rockets shook the air repeatedly as Afghan forces pounded suspected guerrilla positions in the hills.
 The reporters' departure in the evening was disrupted by incoming rockets that hit the landing strip as two Soviet aircraft carrying the visitors taxied toward takeoff.
 The trip was organized by the Afghan government with the approval of the authorities in Moscow. It was designed to display the success of the joint Soviet-Afghan operation that defeated rebel forces late last year in one of the longest, most intense battles of the war, which began in 1979.
 The visitors' daylong schedule was filled with a series of events clearly planned to coincide with the visit and make a positive impression. At one point, a convoy of more than 100 Afghan trucks pulled into town with supplies of grain, sugar, tea and other goods. The convoy was escorted by Afghan armored vehicles, one of which was bedecked with red and blue banners and blared festive music from loudspeakers attached to it.
 But the day, like the war, proved impossible for the government to manage. Instead of demonstrating the strength of the Afghan Army and its Soviet partners, events and sights underscored the tenuous nature of government control. They also suggested just how volatile the war, and Afghanistan itself, remain as Moscow moves cautiously toward a withdrawal of some kind.
 The battle for Khost actually began more than eight years ago, when just as Soviet forces swept into Afghanistan, guerrillas gained control of Khost's only overland link to the outside world.
 See AFGHAN, Page 6

Nunn Backs Concept Of Small ABM System

By Michael R. Gordon
New York Times Service
WASHINGTON — Senator Sam Nunn says that the United States should consider developing a limited anti-missile defense system to protect its territory from accidental missile launchings by other countries.
 Mr. Nunn, a Georgia Democrat and the influential chairman of the Senate Armed Services Committee, has repeated his often-stated criticism of President Ronald Reagan's plan for a space-based shield against missiles. But in a surprise suggestion on Tuesday he urged that serious consideration be given to a limited defensive system, apparently one based on land.
 "For the near term, we should seriously explore the development of a limited system for protecting against accidental and unauthorized missile launchings," Mr. Nunn said in a speech to the Arms Control Association, a private group that has often criticized Reagan administration policy.
 He said the deployment of such a system might be possible under the terms of the 1972 Anti-Ballistic Missile Treaty, which sharply restricts the development and deployment of anti-missile defense systems. But he added that it also could require a "modest amendment" to the treaty.
 Mr. Nunn did not say what sort of defensive system he had in mind, but he appeared to be referring to the possible development of a ground-based interceptors. He said the United States would have to determine the technical feasibility of such a defensive system.
 His suggestion comes as Mr. Reagan's proposal to test and develop a space-based anti-missile defense is confronting budgetary constraints and the prospect for the stepped-up deployment of such a system in the early 1990s has faded.
 Some critics of the Reagan program, formally called the Strategic Defense Initiative but popularly known as "star wars," said Tuesday they feared that Mr. Nunn's speech would reinvigorate the program as well as the debate over the need for such a defensive shield.
 Most of the Democratic candidates for president have been strongly skeptical of the development of anti-missile systems, and none has urged that the United States seriously consider deploying a limited anti-missile system.
 An aide to the senator said that Mr. Nunn had developed his position over the last few months. The aide said Mr. Nunn had concluded that an extensive space-based system was unfeasible in the near future, and that he had a desire to take steps to reduce the accidental risk of nuclear war.
 Many supporters of arms control have argued that limited anti-missile defenses are costly and could

Nicaragua Is Becoming Sole Focus of Peace Bid

By James LeMoyné
New York Times Service
SAN JOSE, Costa Rica — The Central American peace treaty is in danger of being converted into a series of demands directed only at Nicaragua, rather than retaining the broad force of an accord binding on all countries in the region, according to diplomats and government officials here.
 Since the weekend meeting in San José of the presidents of Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica to discuss the treaty they signed five months ago, demands for compliance — especially from the Reagan administration — have focused almost entirely on Nicaragua.
 But the treaty is also binding on the four Central American countries that signed it along with Nicaragua. Costa Rican officials and several non-U.S. diplomats say that other countries are not being pressured to observe the treaty to the degree that Nicaragua is.
 "The Central American peace plan is becoming a Nicaraguan peace plan," said a non-U.S. diplomat. "Other countries are not being asked to do as much as Nicaragua."
 What that appears to indicate is that rather than reflect a genuine regional commitment to seek political reconciliation, the peace treaty is being used by all countries in the area with the support of their superpower allies, as little more than a tactical instrument to weaken their opponents.
 The treaty seeks an end to insurgencies in the region and provides steps to increase democracy and demilitarize Central America.
 In their final communiqué, all five Central American presidents committed themselves to guarantee full freedom of the press, freedom

NEWS ANALYSIS

to organize politically, lifting of states of siege, free elections, political amnesty and the abolition of legal measures that hamper political freedom.
 The presidents also pledged to end all outside aid to rebel groups and to seek to negotiate a cease-fire to guerrilla wars in the region. They committed themselves, as well, to seek to reduce their armies, to respect human rights and to allow refugees to return home.
 There are many examples of noncompliance with the treaty by states other than Nicaragua. Honduras is probably the chief offender.
 Despite the peace plan's call for all outside aid to be cut off to rebel groups, Honduras has never stopped assisting the U.S.-backed Nicaraguan rebels, known as contras, according to several diplomats who monitor the rebels.
 Honduran officials, backed by the United States, appear to be calculating that Honduran non-

Dow Close
 Down 57.20
The Dollar in New York:
 DM 1.857
 Pound 1.795
 Yen 127.15
 FF 5.905

Assailing INF Pact For Defects, Helms Urges Amendments

WASHINGTON — Senator Jesse Helms said Wednesday that the treaty with the Soviet Union to abolish intermediate-range nuclear missiles must be amended because of serious defects.

Mr. Helms, a Republican of North Carolina, made the call for amendment a day after a senator who supports the treaty warned that it would be assailed by "radical right-wing extremists."

Mr. Helms said he found it "astounding" that no nuclear warheads would be destroyed, only medium- and shorter-range missiles.

"It is the nuclear warheads that kill you, not the missiles," said Mr. Helms, the senior Republican on the Senate Foreign Relations Committee, in a statement.

"Unless this problem is corrected," he said, "the Soviets can merely re-bolt their enormous inventory of warheads onto the thousands of other missiles in their inventory, many of which can hit the United States."

Mr. Helms said a reduction in U.S. nuclear missiles would require the expenditure of billions of dollars for conventional forces in Western Europe, and mean that the primary U.S. nuclear deterrent would be on long-range missiles based in the United States.

Amendments by the Senate would mean the negotiations with Moscow would have to be reopened, an action that could well unravel the treaty.

Senator Alan Cranston, Democrat of California, said Tuesday at a news conference that there would be efforts in the Senate to attack the treaty on intermediate-range nuclear forces and a proposed treaty to reduce the superpower arsenals of long-range nuclear missiles.

"I believe that we can almost surely defeat any killer amendment designed to bring down the INF treaty," Mr. Cranston said, adding, "I believe the INF treaty will be adopted."

Senate hearings on ratification are scheduled to begin next week.

Cruise Missiles Readied

George C. Wilson of The Washington Post reported from Washington:

The United States, after an all-out effort brought on by the discovery that its unmanned cruise missiles could not be fired during the air attack on Libya in 1986, now has dozens of the weapons capable of attacking targets in Iran, according to Pentagon officials.

Data on land features along the Iranian coast has been gathered by satellite and aircraft and programmed into the Tomahawk cruise missiles, officials said.

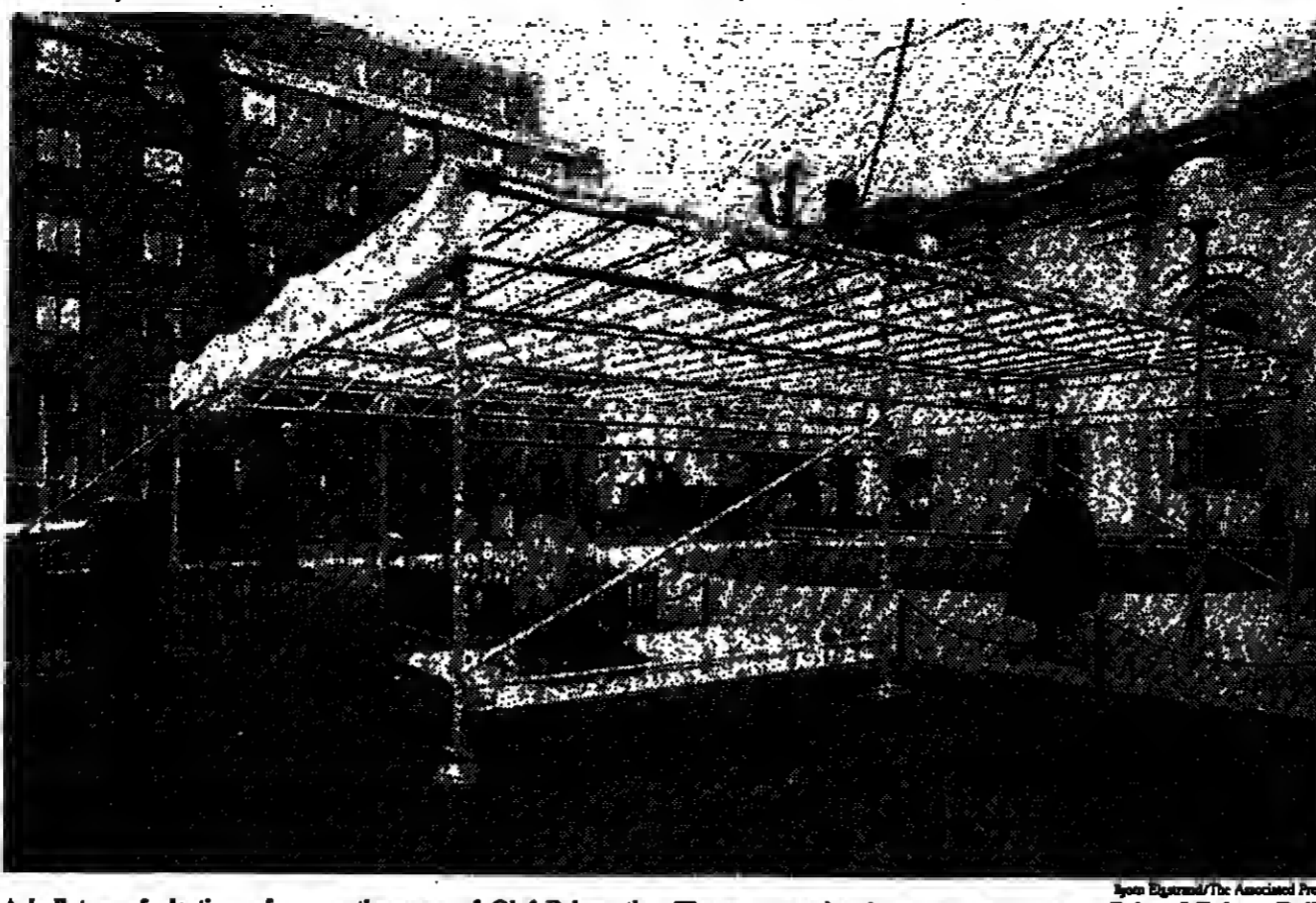
This would allow the missiles, which are aboard many of the big U.S. ships in the Gulf and North Arabian Sea, to follow the terrain and dive into such likely targets as the Silkworm missile sites near Bandar Abbas, officials said.

Pentagon officials, in discussing this new capability, stressed that no Tomahawk raids are envisioned at this time.

The fine-tuning of the missiles also involved making their nuclear warheads more powerful, sources said, so that sub targets as underground shelters for the Silkworm anti-ship missiles could be destroyed.

The readiness of the Tomahawks marks a significant step in the ability to make precise strikes with unmanned missiles, officials said.

Some U.S. Navy officials were dismayed that U.S. F-111 bombers based in Britain and A-6E bombers from carriers in the Mediterranean were used in the strike against Libya instead of Tomahawks.



A bullet-proof plastic roof covers the grave of Olof Palme, the assassinated Swedish prime minister, at a cemetery in Stockholm. The structure has been put up to protect Prime Minister Rajiv Gandhi of India, who is scheduled to visit the grave on Thursday.

In Palme Case, Theories but No Answers

By Steve Lohr
New York Times Service

STOCKHOLM — By now, the 22-month hunt for the killer of Prime Minister Olof Palme has become a workaday job.

Round-the-clock urgency has given way to regular office hours. Sixty police officers remain on the case, down from a peak of 300 in the early months after Mr. Palme was gunned down on Feb. 28, 1986.

Hans Holmer, the flamboyant, outspoken Stockholm police commissioner, has been replaced as the head of the investigation by a quiet administrator who shuns publicity, Ulf Karlsson, a top official of the Swedish National Police Board.

If the pace and the style of the investigation have changed, little else has. It is still an investigation animated mostly by theories, not hard evidence.

It remains an investigation that daily must confront one grim, frustrating fact: After hundreds of thousands of man-hours and millions of dollars spent, there is no indication that the Swedish police are any closer to discovering who assassinated Mr. Palme, or why, than they were on the night he was shot in central Stockholm.

Recently, the head of an independent lawyers' commission, which submitted a report in December that was highly critical of the police investigation under Mr. Holmer, caused an uproar when he told a Swedish magazine that he thought the Palme assassination would never be solved.

The comment touched a nerve in Swedish society mainly because a respected official had publicly expressed a view that more and more Swedes suspect may well be true, but are reluctant to accept.

Mr. Karlsson, who seldom agrees to interviews, retains a dogged optimism. "We are still hopeful of success in solving the case," he said. "We're still working very hard with so many resources that we should make progress."

Leaning over his office desk and gesturing for emphasis, Mr. Karlsson added, "We must come to some sort of conclusion."

The Swedish police have accumulated nearly 40,000 documents, each representing some shred of information about the case, including statements by witnesses and informants, summaries of tips and reports on individuals or groups that might be suspects — virtually anything of potential value in unraveling the mystery.

Still, the case has suffered from a chronic lack of useful clues. Except for two bullets fired at Mr. Palme and his wife, Lisbet, which were found days later near a snowdrift by a passer-by, there has been scant evidence to build a case around.

So from the start, the investigation, lacking evidence, has been built on theories. Under Mr. Holmer, theories led to the arrest of a rightist Swedish schoolteacher and a group of leftist Kurds. But in both cases the suspects were quickly — and embarrassingly — released by the government prosecutors, who said there was no substantial evidence against them.

Mr. Holmer was pulled off the case shortly after Jan. 20, 1987, when 20 Kurds were rounded up and three were charged with "suspicion of being accessories to the murder of Olof Palme." The state prosecutor ordered the Kurds released later that very day, saying there were no real grounds for holding them.

There were other theories. One, offered by a Swedish legislator, a member of the pro-Soviet Communist Party, was that the U.S. Central Intelligence Agency was behind the assassination of Mr. Palme, a line repeated in a Soviet television documentary broadcast in Sweden. Another theory was that Mr. Palme was killed by Middle East assassins for his decision in block arms sales to Iran.

Mr. Karlsson, too, speaks of his investigation in terms of theories and leads. "There are about 10 rather interesting theories that we are dealing with now," he said, although he refused to discuss details of the investigation.

A political assassination apparently is still considered a strong possibility. In October, the government increased the reward for information that leads to solving the case tenfold, to 50 million Swedish kronor, or \$8.5 million. Mr. Karlsson said the decision was an effort to get information from whom could be "a close, well-disciplined group."

"We hope we can buy even the most loyal person, if the price is high enough," Mr. Karlsson said. The higher reward, he noted, has brought "new leads and tips," but "no breakthrough yet."

Possible international links to the Palme killing also are being pursued. Mr. Karlsson noted that the Swedish investigators had made two trips to the United States to follow "special leads."

According to a person familiar with the investigation, one of the trips was to question an inmate at a California prison who said he had information that the Palme killing had been plotted by a rightist international anti-Communist organization, but carried out by Swedes.

Beirut Group Makes Offer

A previously unknown group offered in a statement published Wednesday to reveal information that it said would provide the identity of Mr. Palme's assassin in exchange for \$1 million. The Associated Press reported from Beirut.

The Beirut daily An Nahar published a communiqué that it said it had received from the Arab Revolutionary Organization. The note said the group's Beirut branch "possessed information which will lead to Palme's killer."

The note set these terms for revealing the information:

- "Sweden must receive 15 Lebanese families to be selected by the group."
- "Complete secrecy and protection must be ensured for a delegate from the organization along with an amount of money. A later communiqué will define how and where the money should be paid."
- "The requested reward set in the communiqué published Jan. 20, 1988, is \$1 million, half of which should be paid to the strugglers of the occupied territories who are rebelling against neo-Nazism in the West Bank and the other half to a Lebanese bank account."

The group said it would reveal further information in future communiqués.



PARKING FOR THE PYRAMID — A bulldozer at work Wednesday on a parking lot for the Great Pyramid of Giza, as a \$1.77 million renovation of the pyramids and the Great Sphinx began.

Finding That Pelican Caused Crash Raises Questions on U.S. Bomber

By Molly Moore
Washington Post Service

WASHINGTON — U.S. Air Force investigators said Wednesday they believe a B-1B bomber crash in which three crew members were killed in September was caused by a large pelican that ripped through the skin of the plane, severing hydraulic lines and sending flames through the craft.

The investigation also revealed that when the pilot ordered the crew to eject from the plane, the copilot's automatic ejection seat malfunctioned. He was killed, along with two other crew members who were sitting in instructor seats.

The finding that a bird apparently caused such catastrophic damage in the bomber while it was on a high-speed, low-level bombing training mission raised new questions about the ability of the plane to survive its combat missions.

As a result of the accident, the air force has changed some of its low-level training routes and schedules to "reduce the risk of large bird strikes while operating at high speeds," according to Brigadier General James W. Meier, assistant deputy chief of staff for operations at the Strategic Air Command.

"If you track bird populations around the world, we do have a problem," General Meier said. "The mass of that bird is like a bowling ball operating at the speed of sound."

He added that if a bird or an artillery shell damages "the right edge of the airplane, whatever kind it is, it's going to have a problem."

The bomber was designed in part into enemy territory at levels of about 200 feet (60 meters) to avoid radar. The air force has restricted the bombers from flying below 5,000 feet on training missions until it can modify the planes to make them less vulnerable to bird strikes, General Meier said.

Air force officials said they expected those improvements, which will involve reinforcing vulnerable spots on the planes, to cost \$62.5 million. They said that the first repairs would be made by this spring, but that modification would not be completed until the end of the year.

The restrictions on low-level flights, coupled with major problems in the plane's system of electronic defenses, drastically affects pilot and crew training for the bomber's primary missions. Air Force officials say that the limit on flight levels would be lifted in combat.

No trace of a pelican was found in the engine or the plane after the Sept. 28 crash, but investigators found that something large apparently had smashed through the thin aluminum skin of the plane in the four-inch (10 centimeter) space between the engine and the wing.

The air force said that large flocks of North American White Pelicans had been seen at two reservoirs over which the bomber was flying when one of those aboard the plane, Captain Lawrence Haskell, saw "a white blur coming from slightly left of the aircraft center line at an angle leading just right of the aircraft fuselage."

Castro to Visit Brazil in 1988
BRASILIA — President Fidel Castro of Cuba has accepted an invitation to visit Brazil, probably this year, officials said Wednesday.

Poland Says It Will Offset Price Rises
The Associated Press
WARSAW — The government announced Wednesday it would sharply raise compensation payments to workers to offset steep price rises planned this year. The announcement came in response to demands by the official trade union federation, which had criticized the Poland's wages and prices policy.

The announcement comes after the government held three straight days of talks on wages and prices with leaders of the All-Poland Trade Unions Alliance, the national labor federation set up with the approval of the Communist authorities to replace the outlawed Solidarity trade union.

The price rises are expected to start taking effect next month. The government has said that prices are to climb an average of 27 percent in 1988, excluding increases on alcohol and tobacco.

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WORLD BRIEFS

Moscow Offers a Latin Plan to Madrid

MADRID (Reuters) — The Soviet foreign minister, Eduard A. Shevardnadze, proposed on Wednesday that Moscow and Madrid open a dialogue to improve the chances for peace in Central America.

In remarks prepared for delivery at a dinner, Mr. Shevardnadze said both Spain and the Soviet Union were keenly affected by regional conflicts far from their territories.

Mr. Shevardnadze's proposal, issued the day after Nicaragua issued a six-year state of emergency, appeared designed to give Moscow a direct avenue of dialogue with Western Europe on Central America.

No Agreement on EC Farm Spending

BRUSSELS (Reuters) — European Community farm ministers ended three days of talks on Wednesday without agreement on farm spending cuts, which are seen as the key to solving the near-bankrupt organization's cash problems.

Diplomats said differences remained on a wide range of issues, including proposed automatic price cuts for cereals. Such cuts are designed to halt the soaring farm spending that is eating up two thirds of the EC's annual \$47 billion budget.

But ministers are to resume talks on Saturday and Sunday in an attempt to reach agreement before a summit meeting of EC leaders on Feb. 11-12.

U.S. Ambassador Visits Waldheim

VIENNA (NYT) — The new U.S. ambassador to Austria, Henry Anatole Grunwald, presented his credentials on Wednesday to President Kurt Waldheim.

Mr. Waldheim said in an interview on Austrian television that the visit had been "friendly." A U.S. Embassy spokesman described it only as a "normal" and "necessary" part of diplomatic procedure. Mr. Grunwald declined to comment after his 25-minute call at the Hofburg Palace.

Both sides said that neither Mr. Waldheim nor Mr. Grunwald had raised the issue of the U.S. decision in April to bar the Austrian president from visiting the United States because of suspicion that he may have been connected with war crimes during his World War II service in the German Army in Yugoslavia and Greece.

Soviet Aide Reportedly Was Framed

MOSCOW (LAT) — A scandal in the Ukraine involving the KGB intelligence agency, the police and the prosecutor's office was disclosed Wednesday in Pravda.

The Communist Party newspaper said that KGB officials in Odessa had conspired with corrupt policemen and prosecutors to send an honest police chief to prison as a way of silencing him. Pravda said the man, A.V. Malyshov, was in charge of a unit investigating the theft of state property before he was framed and sent to prison for two years with the aid of false evidence.

One of those disciplined in the affair was the Communist Party chief in the Odessa region, A.P. Nochevkin, a subordinate of the Ukrainian leader, Vladimir A. Shecherbitsky. It was the second time in a year an article involving criminal conduct by KGB officers in the Ukraine has appeared in Pravda.

Marijuana Cited in U.S. Train Crash

WASHINGTON (AP) — Federal investigators said Wednesday that it was probable that two Conrail train operators were impaired by marijuana when their locomotive collided with an Amtrak train a year ago, killing 16 persons and injuring 175 others.

Investigators told the National Transportation Safety Board that supervisors of the Conrail engineer had clues that the employee may have been dependent on drugs and alcohol long before the accident, but never took any steps to deal with the problem. The accident occurred when a string of three Conrail locomotives failed to stop despite signal warnings.

Dr. Merritt Birky, a safety board investigator, reported that tests on the Conrail crew showed marijuana use within 24 hours of the accident by the brakeman and within 12 hours by the engineer. Dr. Birky concluded that the question of impairment remained controversial. But he said it is "highly probable that they were impaired at the time of the accident."

Vietnam Agrees to Amerasian Airlift

BANGKOK (UPI) — Vietnam has agreed in principle to allow an airlift of about 30,000 Amerasian children and their relatives to the United States within the next year or two, two U.S. congressmen said Wednesday after returning from a four-day trip to Vietnam.

Representatives Robert J. Mrazek, Democrat of New York, and Thomas J. Ridge, Republican of Pennsylvania, said the agreement would afford 8,000 to 12,000 children, fathered by Americans during the Vietnam War, and the children's relatives.

The airlift is authorized under a U.S. law called the Amerasian Homecoming Act, signed by President Ronald Reagan on Dec. 27, said the two representatives, who sponsored the legislation.

Boycott Leader Is Detained in Haiti

PORT-AU-PRINCE, Haiti (Reuters) — An opposition politician, Louis Dejoie 2d, was detained Wednesday on his return to Haiti after lobbying against Sunday's presidential election during a trip abroad, witnesses said.

Mr. Dejoie arrived on a flight from Puerto Rico after lobbying in the United States and Canada against the election. A Haitian Army major said he was being questioned by the police inside the airport terminal two hours after his arrival.

Mr. Dejoie, 59, is one of four leaders of an opposition coalition that boycotted the election and is calling for it to be annulled because he says it was rigged by the military-led provisional government. He had hinted in interviews in Canada of a possible armed struggle in Haiti if the election results were not nullified.

For the Record

An article by Andrei D. Sakharov, the Soviet physicist and dissident, on his ideas about black holes in space was published by Tass, underlining the extent to which he has been accepted back into society. Mr. Sakharov was allowed to return to Moscow in 1986 after seven years in the closed city of Gorky. (Reuters)

TRAVEL UPDATE

Italian Pilots Call 24-Hour Strike

ROME (Reuters) — The Italian pilots' union announced on Wednesday a 24-hour strike to protest a decision to resume flights of ATR-42 aircraft suspended since a crash killed 37 persons in October.

ATI, a subsidiary of the state airline Alitalia, said on Tuesday the twin-engine turbo-prop plane would go back into operation Monday after the adoption of new regulations. Both Alitalia and ATI pilots are to begin the strike on the evening of Jan. 30.

French Air Controllers Issue Statement

French air controllers have issued a statement warning that they will stage a one-day walkout Jan. 29.

Fights to Paris from London City Airport, suspended a month ago over fears about air control safety, resumed Wednesday. A spokesman said the two carriers operating to Paris, British Airways and Eurocity Express, were flying the route again from the airport near London's financial district. (Reuters)

U.S. Study Faults Ex-Moscow Envoy

By Richard Halloran
New York Times Service

WASHINGTON — In a report completed last summer but not made public, a presidential panel concluded that the former U.S. ambassador to Moscow should be held responsible for the misconduct of Marine guards there, according to a staff aide to the panel.

The aide, W. Hays Parks, a civilian lawyer for the U.S. Army, said the panel concluded that the ambassador at the time, Arthur A. Hartman, "knew or should have known of the marine security guard misconduct."

Addressing a meeting on ethics at the National War College in Washington last week, Mr. Parks said that the panel, officially called the Moscow Assessment Review Panel, decided that the ambassador had known about "the factors that led to the misconduct and failed to take appropriate steps to correct the situation."

When the panel met, there was concern in Congress and intelligence agencies that major damage had been caused by Soviet penetration of the Moscow embassy, specifically by recruitment of marines as Soviet spies.

But because of a lack of evidence, the scandal is now widely regarded not as a dramatic security breach but largely as an episode in which marines illicitly consorted with Soviet women.

Mr. Hartman disputed the findings of the panel, which was headed by a former secretary of defense, Melvin R. Laird. "I think that is a very unfair conclusion," Mr. Hartman said.

Mr. Hartman, who retired from the Foreign Service in March, said he had not read the report but contended that the events at the embassy had been overblown and that the marines had failed in police themselves.

In April, President Ronald Reagan asked Mr. Laird to study the Moscow episode along with Richard M. Helms, the former CIA director; General John W. Vessey Jr., former chairman of the Joint Chiefs of Staff; and Diego C. Asencio, former ambassador to Brazil with Soviet women.

One former guard has been convicted of espionage for giving information to the Soviet Union. Charges that guards allowed Soviet intelligence officers into the embassy were dropped for lack of evidence.

Shiite Forces Withdraw From 2 Camps in Beirut

BEIRUT — Shiite Muslim militiamen withdrew from positions around Palestinian refugee camps here Wednesday, ending a three-year siege, witnesses reported.

Hundreds of Amal militiamen and troops of the Lebanese Army's largely Shiite 6th Brigade withdrew from the Burj al-Brajneh and Chaita camps.

Witnesses said about 250 Syrian troops then deployed around the camps, which have been under siege since May 1985. At least 2,500 people have been killed in violence during the "war of the camps."

Amal fighters, armed with automatic rifles, packed their belongings and left for barracks in Syrian-controlled West Beirut.

Three army troop carriers with 400 soldiers of the 6th Brigade earlier had left their positions.

Nabih Berri, leader of the Shiite Amal militia, announced Saturday that his forces would lift their siege of the two camps in Beirut and one in southern Lebanon as a gesture of support for Palestinian protests in the Israeli-occupied West Bank and Gaza Strip.

There was no word of similar moves at Rashidiyeh, a camp in the port city of Tyre, about 50 miles (80 kilometers) south of Beirut.

Thousands of Palestinian men, women and children chanted welcome slogans, hailing the arrival of Syrian troops at the Beirut camps and showering them with flowers.

Amal sources said Syrian soldiers were expected to deploy later, before Amal troops completed the pullout.

The camp blockade, aimed at limiting the power in Lebanon of Yasser Arafat, chairman of the Palestine Liberation Organization, was partly lifted in April when Syrian officials enforced a ceasefire.

Since then, only women and children have been allowed out for food and medical supplies. But Amal officials said Tuesday that men could move freely in and out of the camps after the withdrawal.

Cambodians Bog Down in Peace Talks

PARIS — A second round of talks between Prince Norodom Sihanouk, a Cambodian resistance leader, and Prime Minister Hun Sen, who heads the Vietnamese-backed government in Phnom Penh, ran into trouble Wednesday as both sides at the outset insisted on tough conditions to end the fighting in their country.

Mr. Hun Sen said there could be no withdrawal of the estimated 140,000 Vietnamese forces stationed in Cambodia until the prince pledged to eliminate the Khmer Rouge from the three-party coalition that he nominally heads. The Khmer Rouge force, the most powerful group in the alliance, has an estimated 60,000 fighters.

Prince Sihanouk countered with a request for a timetable for the withdrawal of the Vietnamese from Cambodia and the establishment of a democratic government.

The situation was further complicated as Mr. Hun Sen seemed to back away from previous hints that a withdrawal of Vietnamese troops could begin as early as this year. At the talks Wednesday, a spokesman for Prince Sihanouk said Mr. Hun Sen went back to a timetable that foresees a Vietnamese withdrawal in 1990, which has been the Vietnamese-declared timetable for some time.

The talks, being held outside Paris, are scheduled to last two more days.

The two Cambodian leaders held a first round of talks in France in December. There are doubts that other parties in Prince Sihanouk's alliance are cooperating with the peacemaking effort.

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Spotlight Falls On Long Shot In 1988 Race

By E.J. Dionne Jr.
New York Times Service

WASHINGTON — The story of Gary Hart's rocky relations with the press is old news. The new story is about Bruce Babbitt, languishing at the back of the pack, is getting a lot of positive attention these days, and it is starting to get on the nerves of the other Democratic presidential candidates.

"The press has put Bruce Babbitt on a pedestal," said Terry Michael, press secretary to Senator Paul Simon of Illinois. "Bruce Babbitt has played the press like a piano, and the press has been a willing instrument."

It is certainly true that over the last month the journalistic attention to Mr. Babbitt has been the stuff of press secretaries' dreams.

Articles drawing attention to the candidate's policy positions and background as a widely respected governor of Arizona have appeared. Such articles, free of embarrassing disclosures or criticisms, have run in The New Republic, The Washington Monthly, Time, Newsweek, the Los Angeles Times and The Washington Post.

The most extensive recent discussion of his candidacy in The New York Times reported, in comparing the Democrats' economic views, that Mr. Babbitt alone had offered "a detailed accounting" of how he would cut the federal budget deficit.

The attention in print has, in turn, produced valuable television coverage. Long reports on Mr. Babbitt, asking why he was suddenly the beneficiary of such good fortune in the press, were broadcast by ABC and NBC on news programs.

Why is there such focus on Mr. Babbitt, and why is it coming at this crucial point in the campaign, right before the Iowa caucuses?

The candidate himself sees it as a happy accident. He says most editors postponed writing profiles of him until the very end, hoping he might drop out.



Former Governor Bruce Babbitt of Arizona: behind in public opinion polls but not in coverage by the press.

Hal Bruno, political director for ABC News, says that Mr. Babbitt also has won notice because of his "splendid" campaign organizations in Iowa and New Hampshire. Doty Lynch, political editor at CBS News, said dark horse candidates have surprised political reporters so often in the past that unlikely winners like Mr. Babbitt are getting more attention in 1988.

"Reporters are protecting themselves," said Ms. Lynch, who worked in 1984 for Senator Hart's presidential campaign. "Also, while many journalists would argue that this makes no difference, Mr. Babbitt is personally popular, among reporters and political operatives alike."

"There's no doubt that Babbitt is a likable man with a sense of humor, and especially a sense of humor about himself," said Fred Martin, campaign manager for Senator Albert Gore Jr. of Tennessee.

Operators for the competing campaigns say they accept all these factors with equanimity. What upsets them is that Mr. Babbitt also is winning attention because of his support for a national sales tax.

A willingness to call for higher taxes and put some limits on Social Security has become "a litmus test for political courage" among political reporters, Mr. Martin asserts.

Mr. Michael, of the Simon campaign, contends that the very reporters praising Mr. Babbitt's courage will write the party's political obituary later this year if new taxes become the centerpiece of the Democrats' 1988 program.

Faced with what they see as favorable press for a rival, the other Democratic camps are starting to counterattack. The Simon campaign, for example, is circulating a study showing that Mr. Babbitt's proposals for a national sales tax would hit the middle class and the poor much harder than the wealthy.

In any case, it is not yet clear how much good the press attention will do Mr. Babbitt.

In the public opinion surveys in Iowa, where he must do well to stay in the race, Mr. Babbitt has moved up only slightly in recent weeks. However, several pollsters for other Democratic presidential candidates are reporting a modest surge for Mr. Babbitt in their private surveys.

Allies Feel U.S. Budget Cuts

Pact on Spain Bases Reflects Military Spending Curbs

By Joseph Fitchett
International Herald Tribune

PARIS — The U.S. decision to yield to Spain's demands and withdraw 72 F-16 fighter-bombers from Spanish soil was heavily influenced by congressional efforts to slow the growth of Pentagon spending, and analysts say other U.S. military operations abroad are likely to suffer as well.

"We're going to have to cut programs," Fred C. Ikle, the departing undersecretary of defense for policy, said in an interview, "and Congress in its wisdom will usually see to it that the ax chops spending overseas and spares facilities and programs that generate U.S. jobs and votes."

The whole range of U.S. activities abroad is likely to be cut back, including security aid paid to nations that accept U.S. military bases, maintenance of U.S. troop barracks in West Germany and programs for developing new long-range conventional missiles that could replace U.S. nuclear arms leaving Europe, according to Mr. Ikle and other officials.

The Spanish episode illustrates a major new pressure surfacing in the Western alliance: a decline in U.S. military spending after the Reagan administration's booming military budgets.

The outcome of U.S.-Spanish negotiations was colored by congressional budget demands, Mr. Ikle said, explaining that U.S. determination to keep the warplanes in Spain sagged after Congress ordered the Pentagon late last year to scrap two wings of F-16s. The wing in Spain was an obvious candidate to be cut.

Cuts in military spending, which are bound to deepen under the Gramm-Rudman law requiring reductions in the U.S. budget deficit, are likely to hit disproportionately into U.S. military activities overseas that support the defense of allied nations.

U.S. austerity measures also undermined efforts to redevelop the F-16s elsewhere in Europe, Mr. Ikle said.

Ideally, the F-16s, the U.S. Air Force's top nuclear-armed warplanes, would be positioned in Italy, the geographic heart of the North Atlantic Treaty Organization's southern flank. They could replace ground-launched cruise missiles in Sicily, which are to be removed under the U.S.-Soviet arms treaty.

But U.S. efforts to relocate the planes — it has three years to remove them from Spain — have been handicapped in part by uncertainties about whether Congress would provide funds to convert the base in Sicily into an F-16 base.

"The money probably would have to come from NATO, not from us," a U.S. official said, adding, "I don't see it happening."

U.S. military spending in allied countries already is producing skimpier results because of the dollar's waning strength.

This effect also is visible in the sharply reduced purchasing power of U.S. troops abroad. In West Germany, "an officer is probably still all right," a Pentagon official said, "but starting at the level of sergeants, people are having to confine their lives to the base."

NEWS ANALYSIS

military spending. They responded lukewarmly to U.S. urging that they match the Reagan administration's surge in military spending, and the current climate of U.S. retrenchment and Soviet conciliation inclines European governments to spend even less on defense.

"This dilemma, how the West can adjust to U.S. inability to carry its traditional military load, is today the major security issue," said Edward J. Streator, former U.S. ambassador to the Organization for Economic Cooperation and Development in Paris and now a London-based consultant.

The international ripple effect of U.S. budgetary pressures was illustrated by the outcome of the base negotiations with Spain. U.S. handling of the talks has encountered criticism from West European and U.S. diplomats because, in the words of a U.S. ambassador, the outcome "was so abrupt that it looked like an American cave-in and, in any case, lacks any face-saving fallbacks."

Mr. Ikle said the determination of U.S. negotiators was sapped by the knowledge that "we were going

to have to lose two wings anyway" of the 48 F-16 wings.

Quarrels over which countries can afford more military spending could aggravate the political divergences between the United States and its European allies about how to adjust to changes in East-West relations.

Spain's negotiating tactics, according to a U.S. official, reflected a view in Madrid that the West runs little risk of a Soviet threat in Turkey or the Middle East, for which the F-16s would be vital to a Western response.

The official cited Spain's threat, when told that the F-16s could be transferred to neighboring Portugal, to deny them permission to fly over Spanish territory en route to the Eastern Mediterranean or to North Africa.

Spain has pledged to make facilities available to the United States in a NATO emergency. But in 1986, Madrid refused overflight permission to U.S. jets flying from bases in Britain to attack Libya.

This and similar political frictions in Europe impair the chances that closer defense cooperation among the Western allies can compensate for ineluctable shrinkage in military spending.

The Pentagon said Tuesday that over the next five years it plans to save \$400 billion from the spending it originally planned.

The Marine Corps, for example, is to cancel some weapons orders and cut more than 3,000 men from its force of 200,000, according to General Alfred M. Gray, the Marine commandant.

NUNN: New ABM Idea Is Offered

(Continued from Page 1)

have "options for limited deployments to deal with the frightening possibility of an accidental or unauthorized missile launch."

Mr. Nunn said that such a system, which he called the Accidental Launch Protection System, need not be viewed by Moscow as a destabilizing development that would prompt it to avoid reductions in long-range arms.

"I believe both superpowers might find common interest in taking out such an insurance policy," Mr. Nunn said. His proposed defensive system, he said, could be a "logical follow-on" to the recent Soviet-U.S. agreement to establish Nuclear Risk Reduction Centers to reduce the risk of an accidental nuclear war.

In suggesting a system against accidental attack, Mr. Nunn, in effect, repeated arguments that were used to justify work on anti-ballistic missile defenses in the 1960s. At the time, some proponents argued that a limited system could deter any possible attack by China.

The ABM Treaty, signed by the United States and the Soviet Union in 1972 and amended in 1973, allows each side to deploy 100

ground-based interceptors at a single site. The Soviet Union has deployed interceptors around Moscow.

Among other points, Mr. Nunn urged the Reagan administration to negotiate with Moscow over what testing is permitted by the ABM Treaty. He suggested he might oppose the ratification of a future treaty reducing long-range arms if the United States and the Soviet Union did not clarify what restrictions apply to the Soviet and U.S. anti-missile research programs.

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Think Tanks Do Battle for Next President's Ear

By Paul Blustein
Washington Post Service

WASHINGTON — Inauguration Day is just a year away. Conceivably, the president being sworn in that day will be a true-blue conservative like Jack Kemp or Pete DuPont. If so, perhaps he will follow Ronald Reagan's example and bestow upon the Heritage Foundation the advantage of being "the president's favorite think tank."

But the polls suggest that is not likely to happen, and as a result, Heritage is facing the prospect of losing its stature as Washington's leading cauldron of conservative thought — "the place to find out what the administration will consider doing next."

At the same time, its main competitors in Washington for conservative money — the American Enterprise Institute and the Center for

Strategic and International Studies — are bolstering their staffs, sharpening their images and trying to steal some of Heritage's thunder.

The battle of the conservative think tanks is starting to look like a pretty fair fight.

For much of the last seven years, the battle has been lopsided in Heritage's favor — at least in the bottom line sense of who gets the most money and attention. Heritage fellows, although hardly regarded as top-flight scholars, gained fame for their budget-cutting proposals, privatization schemes and other contributions to the Reagan revolution.

In that time Heritage's income soared, from \$3.3 million in 1980 to more than \$14 million in 1986.

The other two think tanks were not doing nearly as well. The American Enterprise Institute, which had drifted from the right

toward the political center, nearly went broke as conservative contributions dried up, and the Center for Strategic and International Studies, which until last year was part of Georgetown University, cut back its staff size.

Now the battle lines are shifting as the prospect looms of a moderate Republican or a Democrat coming to the White House.

New moderate-to-liberal think tanks, like the Center for National Policy, have sprung up to join the better-known, heavily endowed Brookings Institution as the Democrats' favorites.

At the American Enterprise Institute, despite continuing financial problems, a young new president has given the organization a new sense of direction by hiring some big conservative names like Richard N. Perle, a former assistant defense secretary. The new presi-

dent is Christopher C. DeMuth, 41, who served as a soldier in the Reagan revolution at a top post in the Office of Management and Budget.

The leadership of the Center for Strategic and International Studies, meanwhile, is raising money more aggressively and seeking to position itself as the think tank that the next administration, regardless of party, will consult for its foreign-policy expertise.

The executives who run Heritage, the American Enterprise Institute and the Center for Strategic and International Studies sound just like other hard-headed business officials when they talk about providing the sort of "product" (research, articles, seminars) that their "customers" (policy makers, corporations, the media) are demanding.

At Heritage, the president, Edwin J. Feulner Jr., stopped expanding the foundation's permanent programs, instead offering fellowships for limited durations, so that it would be easier to control the institution's overhead costs. And he took advantage of the Reagan years by raising an endowment sufficiently large to provide 9 percent of Heritage's annual income.

Press reported. He said he had asked his staff to look into the allegations. "I'll personally see to compliance," Mr. Hart said. He added that Mr. Walto "has helped the campaign and he continues to help."

A Federal Election Commission spokeswoman, Sharon Snyder, said that a failure to report the kind of help cited in the report would be contrary to the law.

The Herald was the newspaper that first reported Mr. Hart's relationship with Donna Rice, a Miami model. The ensuing scandal forced him to withdraw his candidacy. He re-entered the race in December.

Illegal Hart Contributions Reported

United Press International

MIAMI — A California video producer secretly subsidized a campaign aide to Gary Hart last year and also provided thousands of dollars for Mr. Hart's presidential campaign in 1984, The Miami Herald reported Wednesday.

U.S. law prohibits a candidate from accepting any money from corporations and more than \$1,000 per election from any contributor. The limit also includes professional services.

The Herald reported that Mr. Hart was befriended in 1983 by Stuart Karl, who had amassed a fortune — marketing video-cassettes recordings for home use.

Since then, Mr. Karl has provided transportation for Mr. Hart in planes and helicopters and paid a salary of \$3,000 a month to the Hart aide, Dennis Walto, in 1986 and 1987, The Herald said.

The newspaper said it had obtained copies of checks totaling \$15,802 authorized by Mr. Karl to pay various San Francisco businesses for materials and services for the Hart campaign just before the Democratic National Convention in that city in July 1984.

Mr. Hart, campaigning in Keene, New Hampshire, said he knew "no details" of The Herald's report or of Mr. Karl's relationship to his campaign. The Associated

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DATE

Four Strike

When announced on Wednesday, a spokesman for the unions said the strike would begin on Monday and last for 10 days.

Envoy

Mr. Hartman, who retired from the Foreign Service in March, had been the U.S. ambassador to the Soviet Union since 1982.

Herald INTERNATIONAL Tribune

Published With The New York Times and The Washington Post

Greed Can Be Harnessed

Program trading, index arbitrage, portfolio insurance... While American regulators struggle to understand the implications of new "derivative securities," it is a fair bet that most small investors have come to a simple conclusion: These all sound like tools for hustlers, and the response is to regulate derivative securities out of business.

Haitians Need Friends

Haiti's elections Sunday were pretty much a farce. Large numbers of voters, weary and intimidated, went neither to the polls nor into the streets. Evidence of fraud and confusion was widely available.

Digging in Mesopotamia

It is hard not to envy Harvey Weiss, an archaeologist at Yale University who is hot on the trail of an intriguing correspondence between the king of Shubat Enli and his son, the governor of Mari.

Other Comment

Judge, Jury, Executioner

The new year is not a month old and already the U.S. Customs Service has wrapped up first prize in the Most Irresponsible Idea of 1988 contest.

Africa: The Little People Will Outlast the Betrayers

By Jim Hoagland

CAIRO — Africa emerged in the 1960s, collapsed in the 1970s and has festered into the 1980s. Once a synonym for shining hope and redemption, Africa is today a continent associated in the Western mind with failure, incompetence and inhuman brutality.



Mr. Achebe takes on the generation of rulers that has emerged in the 1980s. The military and technocratic regimes now dominating Africa have shown that "revolutionaries" are betrayed just as much by stupidity, incompetence, impatience and precipitate action as by doing nothing at all.

Security for Israel: A Choice Between Quantity and Quality

By Dominique Moïse

PARIS — The drama we have seen unfolding in the territories occupied by Israel results from an encounter between Palestinian despair and Israel's fear.

irony of history that little Israel had a great statesman, David Ben-Gurion, while "great" Israel has nothing but politicians. Fear and the lack of a clear alternative turn Israelis toward crude realpolitik for inspiration.

Self-Rule for Palestinians: The Only Viable Option for Israel

By George Ball

WASHINGTON — Almost as regrettable as the loss of life during the recent violence in the West Bank and Gaza has been the Israeli government's failure to acknowledge the nature of its predicament.

grew up under the domination of occupation troops. Three out of four Gazans are under age 25 and have never tasted self-rule; increasingly they despair of doing so. It was inevitable that their bitterness would ultimately take the form of reckless resistance.

Allow the Afghans Their Own Voice

By Ashraf Ghani

BALTIMORE — With the military balance in Afghanistan tipping away from the Soviet-installed regime, it is time Pakistan yielded its role as spokesman for the Afghan rebels as the negotiating table.

Any peace accord that does not have the support of a majority of Afghans will be wrecked by discord. Only an Afghan leadership secure in the knowledge of a mandate from the people will have the will, courage and power to bring an end to this bloody conflict.

whether to continue insisting on becoming an exclusively Jewish state or to abandon its pretension to democracy. The objectives are irreconcilable. Israel can make that choice by selecting one of four options.

100, 75 AND 50 YEARS AGO

1888: Chinamen Ascend PARIS — M. Filas-Panis was the hero of the evening at the last convivial gathering of the Paris astronomists.

1938: No to Pacifism WASHINGTON — The principle of "Peace at Any Price" was rejected (on Jan. 20) by Eleanor Roosevelt, wife of the President, in a speech before 1,000 women delegates to the 13th conference for the Cause and Cure of War.

1913: Broadway Horror NEW YORK — Cries of dismay arose from those who dine in Broadway cafes when, from far off Nova Scotia, came the report that the lobster catch for the season, which opened Dec. 15, had been almost a complete failure.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1958-1982 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen

Magua vs. W... U.S. Voter... Want Victory... Centers in War Zones... Nobel Peace... Based on the Territories... Gutches: Nobel Peace

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OPINION

Managua vs. Washington: Give U.S. Voters the Choice

By William Safire

WASHINGTON — The Communist dictator of Nicaragua has issued a fairly simple and understandable ultimatum to the United States. Unless it cuts off all support to the anti-Communist rebels now gaining strength in his country, Daniel Ortega Saavedra will get tough: He will renounce all recent assurances about democracy and will carry out his plan — revealed in damning detail by a defector top-level aide — to build a 600,000-member Soviet-supplied army capable of dominating and subverting Central America.

A Crisis of Lifestyles Is Stirring Up Grant Wood's Country

By Richard Critchfield

VIOLA, Iowa — A quiet crisis of lifestyles is stirring up the rural Midwest as agricultural decline forces it, during the 1980s quite suddenly, to work out a new ex-urban way of living.

chickens and pigs. Viola was a little farming community. It worked because everybody knew what they were supposed to do. You know, similar goals, similar needs, similar rules. It worked because people had few choices.

office and a boarded-up general store with a rusting, unused gas pump outside. Some of the Main Streets have become ghost towns, but the homes look better than ever. Older residents recall when, as recently as the 1950s, out-

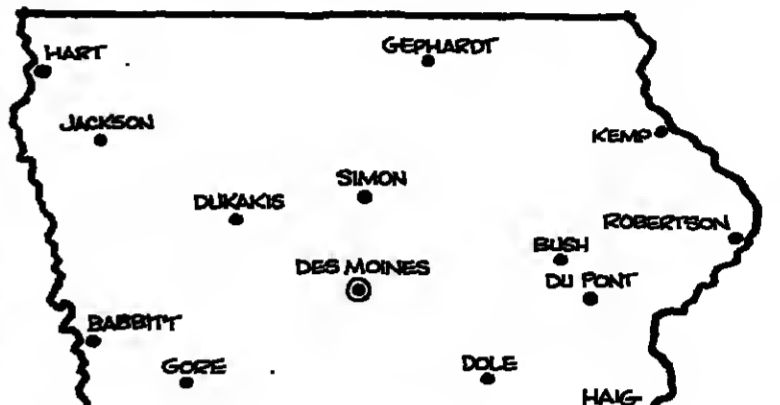
houses full. In that it's bad, the influx of some of the people you've got, they're not desirable versus what you had before they come. Put it that way.

Paul Perez, a Mexican-American raised in Cedar Rapids, seems to exemplify this group. He is divorced, remarried to a woman who was also divorced; both have children and good jobs in town. He sports sandals, long and curly hair and an earring. "I really love this community," he says. "In a small place like this, there's a closeness you don't get in a city. O.K., my idea for Viola, probably not the best... but if they want everybody to meet and voice opinions and participate, they ought to have a big beer party!"

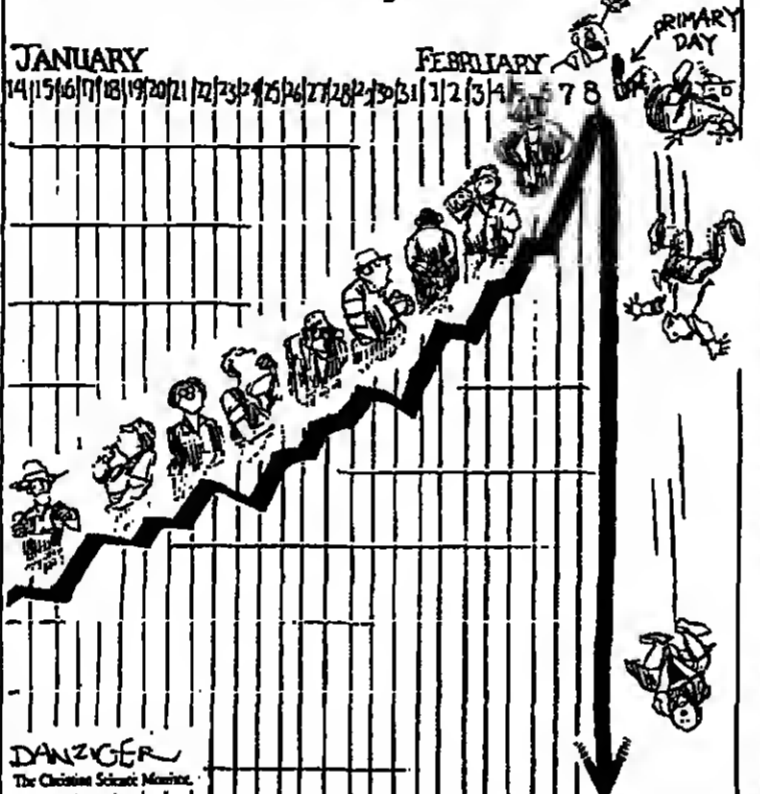
MEANWHILE

to go home, as William Shirer has quoted him as saying, to "paint those damn cows and barnyards and cornfields and little red schoolhouses and all those pinched faces and their women in their aprons and men in their overalls."

As among the farming families, whose lives center on Viola's Methodist Church, the old conventions rule. There is a strong sense of cultural loss.



A CHART Interest in what People in Iowa think



Some Want Victory

ELLIOTT Abrams and Colin Powell, on a lobbying tour through Central America, have let a familiar cat out of a transparent bag: The Reagan administration aims to overthrow the Sandinistas and is not interested in a negotiated peace.

LETTERS TO THE EDITOR

Food Centers in War Zones

The New York Times editorial "How to Help Ethiopia" (Dec. 18) states that the Tigre People's Liberation Front "will not guarantee safety of food trucks unless Addis Ababa halts its resettlement drive."

Segregated After Work

I was glad you published the report "Middle-Class U.S. Blacks Still Largely Segregated" (Dec. 31, first edition). The fact that blacks in America are segregated was certainly no news to me.

Children Who Learn Together

The entertaining report "Japan Educators Build a Little Tokyo-sur-Seine" (Dec. 7) touched on issues that trouble educators everywhere. It also suggests large questions of social policy.

It Was Time to Go to Work

I have often wondered about the significance of the time 6:13 atop Page 1 of every edition. Is it there to indicate some old deadline, or is it perhaps a subtle way of saying that it's morning in America?

Wiesel on the Territories

Regarding "Elie Wiesel, Gathering Laureates for Eclectic Conference" (Monday Q&A, Jan. 11): Elie Wiesel's position on the occupied territories is shocking. A Nobel Peace Prize laureate

Memories of a Bandleader

With the passing at age 96 of Merle Evans (Obituaries, Jan. 5), former bandleader of the Ringling Bros. and Barnum & Bailey Circus, some readers may recall the role he played in the tragic fire on July 6, 1944, in Hartford, Connecticut.

Gorbachev: Nobel Peace Prize Candidate or Murderer of the Year

Even rather mistrustful characters must by now be convinced that Mikhail Gorbachev is seriously trying to change things in the Soviet Union. The outcome of this process is very important, and not only to inhabitants of the East bloc.

Quite Precisely Confusing

An editorial to your Jan. 6 issue ("A Radioactive Present") states, concerning a proposed burial site in Nevada for radioactive waste: "Yucca Mountain may be a good site: a repository dug 1,000 feet (3,000 meters) below its summit would still lie above the water table."

TWO LIVELY CENTENNIAL BOOKS TRACE THE SPIRITED HISTORY OF THE INTERNATIONAL HERALD TRIBUNE.

Advertisement for 'A Century of News' and 'The First Hundred Years' books. Includes descriptions of the books and contact information for the publisher.

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ARS AGO

every restaurant along with at least those who came in to eat dinner are starting to leave to find something to do. It's a bit of a predicament for the producers of the play.

No to Pesticides

WASHINGTON — The proposed ban on DDT was proposed by the Environmental Protection Agency in a report released last week.

SCIENCE

Clues in Fight Against Autoimmune Diseases

By Gina Kolata

WITH a newly detailed picture of molecules on the surfaces of cells, scientists are hopeful that they can devise strategies against the 40 or more diseases that result when the immune system mistakenly turns against the body.

These autoimmune diseases include juvenile diabetes, multiple sclerosis, rheumatoid arthritis, myasthenia gravis and lupus. Scientists believe that, for the first time, they know enough to try to design drugs to block the immune system's pernicious attack.

The new work builds on the improving understanding of the role of T-cells, a type of white blood cell that recognizes HLA molecules on other cells.

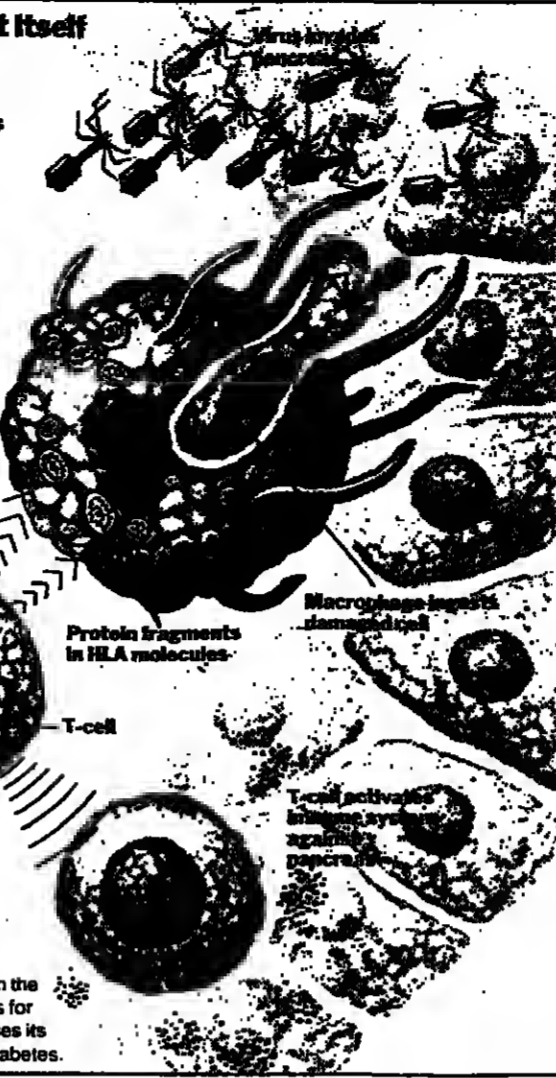
How the Body Turns Against Itself

In juvenile-onset diabetes, one of the autoimmune diseases, the body's defenses mistakenly attack the pancreas. The process begins when something, probably a virus, damages the pancreas.

A scavenger cell, a macrophage, does its job by ingesting damaged pancreatic cells. Some protein fragments from the cells it has ingested appear on the macrophage's surface. This is the body's way of giving the immune system a chance to inspect what the macrophage is encountering.

In a diabetic, the system goes awry. When the diabetic's HLA molecules expose protein fragments, for some reason they seem alien to the immune system. They trigger an attack by the immune system.

The immune system's weapons are T-cells. In the diabetic, the T-cells destroy them. The body loses its ability to produce insulin, a condition called diabetes.



IN BRIEF

Myths of the Misunderstood Infection

CHICAGO (UPI) — A lot of women who have recently had sex with new partners have been rushing to their doctors with complaints of a sharp, burning sensation when they urinate. They also have noticed blood in their urine and they conclude their partner has infected them with the AIDS virus.

Hemoglobin Genes in Plants

NEW YORK (NYT) — Scientists say they suspect that all plants have the genes needed to produce hemoglobin. In animals and humans, hemoglobin is the substance that carries blood to all tissues of the body. It has long been known that plant equivalents of hemoglobin exist in the root nodules of many plants that can incorporate nitrogen from the air into useful compounds.

Pluto, Charon Could be Double Planet

AUSTIN, Texas (NYT) — Observations of Pluto and its moon, Charon, are providing astronomers with evidence that they may be a double planet enveloped in a single atmosphere.

An analysis of these and other recent findings led a team of astronomers to predict that molecules from Pluto's tenuous methane atmosphere extend out to Charon. In reporting their analysis, the scientists said, "These results are considered to be significant because the Pluto-Charon system appears to be the only example in the solar system of a double planet with an atmosphere interacting with both bodies."

Nature Moves Stones in Slow Motion

SPITSBERGEN, Norway (NYT) — The "sorted circles of Spitsbergen," mysterious rings of stone, have long stood as evidence that nature does not always need human architects to pick up rocks and arrange them in patterns. What forces combined to create these structures, since found in a number of similar regions around the world, has remained an enigma.

Being Neurotic Makes You Sick

By Daniel Goleman

MAJOR new study links personality traits with illness on such a scale that some psychologists depict being neurotic as a key factor in susceptibility to disease.

The study found that traits that typify the neurotic — chronic anxiety, long periods of sadness and pessimism, unremitting tension, incessant hostility — were associated with asthma, headaches, peptic ulcers and heart disease.

In the past, specific traits were often tied to one or another of these diseases. But that view had largely fallen into disrepute because the studies were so contradictory.

Dr. Friedman's research, published in a recent issue of The American Psychologist, was an analysis of data from 101 previous studies investigating links between personality traits and particular illnesses. Many of those studies had not found significant links.

Dr. Friedman used a recently developed statistical method, called "meta-analysis," which allows all 101 studies to be combined as though they were one huge research project focusing on thousands of research subjects.

The study was based on intensive interviews of members of the Harvard classes of 1939 through 1944 who were deemed "fittest" among their classmates. Those who were most pessimistic or fatalistic as students, the study found, were more susceptible to diseases of all kinds in later life.

ISRAEL

Policy of Beatings

(Continued from Page 6) when they return to their homes they will understand that it is possible to get up at 4 or 5 in the morning and that they are not being beaten. It's a necessary step to get them used to the idea of going to work and school and that nothing will happen to them if they do not go.

3 Killed in Border

Israeli troops killed three Lebanese guerrillas Wednesday in a security fence on the border and stepped into an area previously closed to Israeli troops.

World Health Organization (WHO)

is an inter-governmental agency internationally recognized for its efficiency and numerous lasting achievements, including the eradication of smallpox. Guided by humanitarian concerns, WHO works to direct and coordinate global and national efforts to improve the health of peoples in more than 160 member countries at all levels of development.

Medical Officer

(MANAGER, HEALTH AND BIOMEDICAL INFORMATION-HBI) to be stationed in Alexandria, Egypt.

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Vertical text on the right edge of the page, including 'Page 7', 'Page 8', 'Page 9', 'Page 10', 'Page 11', 'Page 12', 'Page 13', 'Page 14', 'Page 15', 'Page 16', 'Page 17', 'Page 18', 'Page 19', 'Page 20', 'Page 21', 'Page 22', 'Page 23', 'Page 24', 'Page 25', 'Page 26', 'Page 27', 'Page 28', 'Page 29', 'Page 30', 'Page 31', 'Page 32', 'Page 33', 'Page 34', 'Page 35', 'Page 36', 'Page 37', 'Page 38', 'Page 39', 'Page 40', 'Page 41', 'Page 42', 'Page 43', 'Page 44', 'Page 45', 'Page 46', 'Page 47', 'Page 48', 'Page 49', 'Page 50', 'Page 51', 'Page 52', 'Page 53', 'Page 54', 'Page 55', 'Page 56', 'Page 57', 'Page 58', 'Page 59', 'Page 60', 'Page 61', 'Page 62', 'Page 63', 'Page 64', 'Page 65', 'Page 66', 'Page 67', 'Page 68', 'Page 69', 'Page 70', 'Page 71', 'Page 72', 'Page 73', 'Page 74', 'Page 75', 'Page 76', 'Page 77', 'Page 78', 'Page 79', 'Page 80', 'Page 81', 'Page 82', 'Page 83', 'Page 84', 'Page 85', 'Page 86', 'Page 87', 'Page 88', 'Page 89', 'Page 90', 'Page 91', 'Page 92', 'Page 93', 'Page 94', 'Page 95', 'Page 96', 'Page 97', 'Page 98', 'Page 99', 'Page 100'.

Vol.	High	Low	Last	Chg.
NYSE	151.66	151.66	151.66	—
IBM	172.00	172.00	172.00	—
AMC	11.00	11.00	11.00	—
IBM	172.00	172.00	172.00	—
AMC	11.00	11.00	11.00	—
IBM	172.00	172.00	172.00	—
AMC	11.00	11.00	11.00	—
IBM	172.00	172.00	172.00	—
AMC	11.00	11.00	11.00	—
IBM	172.00	172.00	172.00	—
AMC	11.00	11.00	11.00	—

NYSE 4 p.m. volume	181,400,000
NYSE prev. close	174,400,000
NYSE 4 a.m. volume	17,000,000
NYSE prev. close	17,000,000
NYSE 4 p.m. volume	181,400,000
NYSE prev. close	174,400,000
NYSE 4 a.m. volume	17,000,000
NYSE prev. close	17,000,000
NYSE volume down	18,000,000
NYSE volume up	18,000,000
NYSE volume down	18,000,000
NYSE volume up	18,000,000
NYSE volume down	18,000,000
NYSE volume up	18,000,000

High	Low	Close	Chg.
Composite	134.9	134.9	—
Industrial	142.2	142.2	—
Transportation	142.2	142.2	—
Utilities	142.2	142.2	—
Finance	142.2	142.2	—

Wednesdays
NYSE
Closing
Via The Associated Press

Class	Prev.
Advanced	1.00
Declined	1.00
Unchanged	1.00
New High	1.00
New Low	1.00

Class	Chg.	Week Ago	Year Ago
Composite	1.00	1.00	1.00
Advanced	1.00	1.00	1.00
Declined	1.00	1.00	1.00
Unchanged	1.00	1.00	1.00
New High	1.00	1.00	1.00
New Low	1.00	1.00	1.00

Vol.	High	Low	Last	Chg.
AMEX	151.66	151.66	151.66	—
AMEX	151.66	151.66	151.66	—
AMEX	151.66	151.66	151.66	—
AMEX	151.66	151.66	151.66	—
AMEX	151.66	151.66	151.66	—

Class	Chg.
Bonds	+0.12
Utilities	+0.12
Industrials	+0.12

Class	Prev.
Advanced	1.00
Declined	1.00
Unchanged	1.00
New High	1.00
New Low	1.00

Buy	Sales	1967
Jan. 19	22,861	21,624
Jan. 18	20,730	21,279
Jan. 17	20,730	21,279
Jan. 16	17,411	21,279
Jan. 15	17,411	21,279

Open	High	Low	Last	Chg.
Index	152.25	152.25	152.25	—
Ind. Comp.	174.2	174.2	174.2	—
Ind. Transp.	174.2	174.2	174.2	—
Ind. Util.	174.2	174.2	174.2	—
Comp.	174.2	174.2	174.2	—

High	Low	Close	Chg.
Industrials	134.9	134.9	—
Utilities	142.2	142.2	—
Transportation	142.2	142.2	—
Finance	142.2	142.2	—
Commodities	142.2	142.2	—

Class	Prev.
Advanced	1.00
Declined	1.00
Unchanged	1.00
New High	1.00
New Low	1.00

High	Low	Close	Chg.
AMEX	151.66	151.66	—
AMEX	151.66	151.66	—
AMEX	151.66	151.66	—
AMEX	151.66	151.66	—
AMEX	151.66	151.66	—

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Dow Falls 57 in Active Trading

NEW YORK — Prices on the New York Stock Exchange suffered a broad decline Wednesday as early weakness tied to a lower dollar accelerated into a wave of selling that took the Dow Jones average of 30 industrial stocks, which had fallen 27.52 points Tuesday, plunged 57.20, or 2.96 percent, to close at 1,879.14. That was the closely watched barometer's first close below the 1,900 level since Dec. 11, when the index finished at 1,867.04.

In early afternoon trading, the Dow dropped 40 points in 30 minutes.

Declines trumped advances by a 13-3 ratio. Trading was active with volume at 181.67 million shares, up from 153.55 million Tuesday.

"The exchange can't blame the decline on the programmers today," said A.J. Goldman, market strategist at A.C. Edwards & Sons in St. Louis. "The market broke through the psychological barrier at 1,900 and participants are gradually starting to realize that we established an intermediate 'top' on Jan. 7, when the Dow closed at 2,051.89."

He said the 140-point plunge the next day "was not an aberration, but a beginning of a test of the lows established in October."

Broad-market indexes also fell sharply, with the New York Stock Exchange index down 3.41 points to 136.72 and Standard & Poor's 500-stock index off 6.69 to 242.63. The average share price lost 76 cents.

Mr. Goldman said there was some program selling, but "this was natural selling, as evidenced by the negative advance-decline ratio."

"Those looking for excuses will point to the arbitrageurs and the Motorola earnings on top of the IBM earnings," he said. "But we have been in a cyclical bear market since last August and have an abnormal number of economic potholes in front of us. We might be able to stumble into one, but if we hit four or five, that will spell trouble for the financial markets."

Motorola said its fourth-quarter earnings rose to 79 cents a share from 49 cents in the year-ago quarter. While the earnings improved, as did those IBM reported Tuesday, analysts were not impressed.

Tom Gallagher, managing director in charge of capital commitment at Oppenheimer & Co., said the market's early fall reflected concern over a slide in the dollar and disappointment over its failed attempt to rally Tuesday.

"There is no urgency for people to come back into the market just yet," Mr. Gallagher said. "Some people have been burned over the last couple of weeks and are now willing to wait until stocks reach a cheaper level."

He said investors "were shattered" by the 140-point drop on Jan. 8, and that concern was reflected in the "nonexistent" volume.

"Those willing to come in are doing so at a slower pace," he said. "People are being more selective, more conservative. The overall market is very quiet and just has no leadership."

Referring to U.S. figures on housing starts and consumer prices, released Wednesday, he said that "no one expected to see good housing numbers." As for the prices, "inflation is not perceived as a problem on Wall Street."

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Open	Close
AAAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Open	Close
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Open	Close
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Open	Close
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Open	Close
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Open	Close
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Open	Close
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Open	Close
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Open	Close
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Open	Close
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Open	Close
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00
AAI	17.00	17.00	17.00	—	—	—	—	—	—	17.00	17.00

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	Open	Close
AAI	17.00	17.00	17.00	—							

TO POWER APPLIANCES In Touch with Tomorrow TOSHIBA

FROM THERMAL POWER

THURSDAY, JANUARY 21, 1988

INTERNATIONAL MANAGER

New European Owners Retaining U.S. Managers

By SHERRY BUCHANAN International Herald Tribune LONDON — For European concerns, the days of "our man in Paris" are over. Traditionally, corporate headquarters in Europe tried to run newly acquired companies in far-off lands by putting in one of their own to teach the new acquisitions to do business their way. But as the wave of acquisitions in the United States by European companies continues, more and more are leaving the natives to manage the store.

British companies like to keep the U.S. management team in place, said Philip Healey, publisher and editor of Acquisitions Monthly, a British trade publication. "It's a crucial factor in whether or not they buy the company. A lot of U.S. companies like to be bought by British companies because they know they will be left on their own."

According to the monthly's latest survey, acquisitions in the United States by British companies are estimated to have increased in value from \$13.6 billion in 1986 to \$27.2 billion in 1987.

When British companies usually do it only to make the acquisition if they believe the management to be good, said John Mervin, president of J.P. Mervin & Co., a corporate finance adviser in London. "Many companies who buy in the United Kingdom to turn companies around wouldn't dream of doing that in the United States."

French companies, too, are taking a more hands-off approach with their U.S. acquisitions. The tendency for French companies now is to keep management of U.S. acquisitions American, said Serge Bellanger, president of the French-American Chamber of Commerce in New York.

"There has to be a partnership between the U.S. and French management; that's the key," said Mr. Bellanger, who is also executive vice president of Credit Industriel et Commercial's New York branch.

Michel Berty, secretary-general of Cap Gemini Sogeti, a French software company, said, "Now that we have an American president as head of our U.S. operations, they often carry more weight and credibility with the board back in Paris than when I had that job." This state of affairs arises, he said, because "being a local, it's assumed he knows what he is talking about."

When Cap Gemini made its first U.S. acquisition, DASH, a software company, in Milwaukee in 1981, Mr. Berty was sent over to manage it. He came back to Paris in 1985 after choosing and training an American successor, Cap Gemini's U.S. sales have increased from \$52 million in 1981 to \$114 million in 1986.

Of the 20 largest U.S. acquisitions by British companies last year, a big majority, so far, have kept the existing American management in place. Many said they actually bought U.S. companies because they perceived the local management teams to be strong.

When Dixons PLC, a British electrical products retailer, bought Cyclops Corp. for \$364 million last year, it kept Cyclops's Sifo subsidiary, a chain of electrical retail outlets, and sold the rest of Cyclops to Allegheny Corp. It is Dixons' first overseas acquisition.

"What we wanted when we bought Cyclops was Sifo's management team," said William Lazarus, financial controller of Dixons. "We had done our research and were impressed with them. We run our group very autonomously."

James Fromstein, director of corporate communications at Manpower Inc., the Milwaukee-based U.S. agency for temporary employment, said, "We had done our research and were impressed with them. We run our group very autonomously."

See FEORIA, Page 11

Currency Rates

Table with columns for Country, Par \$, D.M., F.F., L.L., G.S., S.F., Y.S., and Jan 20. Lists rates for various countries including Australia, Brazil, Canada, etc.

Interest Rates

Table with columns for Currency, Par \$, and Jan 20. Lists interest rates for various currencies like Australian dollar, British pound, etc.

Key Money Rates

Table with columns for Currency, Rate, and Jan 20. Lists key money rates for various currencies.

U.S. Money Market Funds

Table with columns for Fund Name, Assets, and Jan 20. Lists various U.S. money market funds.

Gold

Table with columns for Location, Price, and Jan 20. Lists gold prices in various locations like Hong Kong, London, etc.

Texaco Sale Offer Reported

Company Denies Icahn Statement

By Warren Geller International Herald Tribune WHITE PLAINS, N.Y. — Carl C. Icahn, in testimony at a bankruptcy hearing Wednesday, said the Texaco president, James W. Kinneer, discussed with him the possible sale of the company for \$60 a share.

Mr. Icahn said Mr. Kinneer told him, "If you want to buy it, why don't you talk about \$60 a share."

Mr. Icahn, the New York investor who now holds 14.5 percent of Texaco's stock, said the discussions took place in the last six weeks.

Later Wednesday, Texaco said Mr. Kinneer never suggested the company was for sale at any price.

In Wednesday trading on the New York Stock Exchange, Texaco's shares gained 37.5 cents cash to close at \$38.125.

In a statement, Mr. Kinneer also said he regretted that Mr. Icahn had resorted to what he called fabrication in an attempt to use the bankruptcy proceedings to reap short-term gains by putting Texaco on the block.

Mr. Icahn also said at the hearing on his Texaco restructuring proposals that the investment banking firm of Bear Stearns & Co. was buying shares of Texaco on the New York Stock Exchange.

Mr. Icahn, the leading Texaco shareholder, said Bear Stearns did not disclose the name of its client.

Mr. Icahn told the court he mentioned Mr. Kinneer's statement in a discussion with the president of Occidental Petroleum Corp. and added that he met with Occidental's chairman, Armand Hammer, the following day.

He said that after he mentioned his Texaco discussions with Occidental, he had a discussion with Mr. Kinneer about the sale of the company. Mr. Icahn said he asked Mr. Kinneer about the \$60-a-share figure and Mr. Kinneer replied, "Carl, I never meant that."

Texaco settled its legal dispute with Pennzoil Co. for \$3 billion last month. The settlement was included in a bankruptcy reorganization plan Texaco filed with the court.



Charles M. Winter, chief executive of Royal Bank of Scotland Group PLC. The group has maintained its base in Edinburgh, saying it has significant cost advantages over London.

Scottish Bank Casts Its Line in U.S.

As U.K. Pond Is Crowded, Royal Seeks East-Coast Catch

By Warren Geller International Herald Tribune EDINBURGH — Royal Bank of Scotland Group PLC is spending a lot of time these days thinking about the U.S. retail banking sector, specifically the East Coast market. Given the weak dollar and depressed U.S. share prices, Royal might well succeed in acquiring a bank "across the pond" by year's end, executives say.

"It is not impossible that we would make a move this year," said Charles M. Winter, the chief executive of the Edinburgh-based banking group, in an interview.

For RBS, Britain's fifth-largest retail bank with assets of £19.1 billion (\$33.9 billion), the purchase of a U.S. regional bank would make a lot of sense. For one thing, it would reduce the group's dependence on the British market and on sterling-denominated assets.

"Royal Bank's prospects look reasonably good at the moment," said David Nisbet, a banking analyst with the brokers Wood Mackenzie & Co. in Edinburgh. "The biggest problem will be the dependence on the U.K. market, where margins in traditional retail banking will come under considerable pressure over the next two or three years."

British banks are facing increased competition from building societies, which are similar to savings and loan associations, Mr. Nisbet noted. He added, "We expect leading growth in consumer business to slow."

RBS gets high marks for its profit performance, with annual growth in pretax earnings averaging 14 percent over the past decade.

De Benedetti: Lowering Borders in a Bold Bid

Générale Is Key to European Empire

By Steven Greenhouse New York Times Service PARIS — With his bold bid for Société Générale de Belgique, the huge holding company that by some estimates controls a third of Belgium's industry, the Italian entrepreneur Carlo de Benedetti seems to have moved far ahead of the crowd in building a Europe-wide financial and industrial empire.

Mr. de Benedetti, who in addition to his other financial activities is chairman of Italy's giant automated office equipment maker Olivetti SpA, seems to view Europe as a chessboard. It is there for the conquering. And, like a chess champion, he seems to be 5 or 10 moves ahead of everyone else.

Analysts have praised Mr. de Benedetti's attempt to buy a large block of Générale de Belgique shares in order to build the first great European holding company. Nowdays, the word on the lips of every continental executive is "1992" — the year the commercial and financial borders among the 12 European Community nations are scheduled to disappear.

While many business executives talk about the economic integration of Europe, Mr. de Benedetti has built a financial and industrial empire that stretches from Italy into France, Spain, Britain, Switzerland, and now, Belgium.

"We'll see a lot more of these cross-border attempts to extend one's empire among companies in the financial sector," said Daniele Serruys, an analyst of European industry with Phillips & Drew in London. "That's the logic of 1992."

Several factors apparently convinced Mr. de Benedetti to launch an attack on Générale de Belgique, which is so sacrosanct that it has been called Belgium Inc. First, its stock was undervalued, and many of the 1,261 companies in which it holds interests are underperformers. Second, because it is in so many industries — steel, diamonds, insurance, banking and chemicals, to name a few — it provides Mr. de Benedetti with an extraordinary selection of areas on which to build.

Third, Belgium's takeover laws are less strict than those of many other European countries, not even requiring large shareholders to divest their holdings when they move above certain thresholds. Lastly, Générale de Belgique is based in Brussels, the heart of the European Community, and in the view of many analysts is the best place to do business in Europe once the barriers fall in 1992.

"Mr. de Benedetti invokes 1992. This is a very concrete example of how the European market will operate after 1992," said Etienne Reuter, a spokesman for the EC's Commissioner on Competition, in praising Mr. de Benedetti for expanding as if borders did not exist.

Officials who work for Mr. de Benedetti said that expanding from a base in Brussels will be easier than expanding from his present base in Milan. Other European companies or governments will have a harder time raising nationalistic objections to bids made by a company in Brussels, which symbolizes Europe.

Still, Mr. de Benedetti ran into a storm of nationalistic objections when he announced Monday that his Paris-based investment company, Campagnie Européenne Réunie, or CER, was seeking to raise his 18.6 interest in Générale de Belgique by another 15 percent. Belgians were incensed that a foreigner would try to take over "la Générale," the 166-year-old institution.

"We'll see a lot more. That's the logic of 1992," A London analyst

The management of Générale de Belgique is trying to block Mr. de Benedetti's bid by increasing its capitalization by \$1.57 billion, or 60 percent, to dilute his holdings. In addition, it is asking Belgian authorities to halt Mr. de Benedetti's tender offer. So far, a judge has ruled that Générale de Belgique can not increase its capitalization because the law prohibits such a move in response to a takeover attempt.

After meeting with Belgium's finance minister, Mark Eyskens, Mr. de Benedetti agreed to limit his holdings to 25 percent, while selling any shares he received in excess of 25 percent to allies in Belgium. "I think his arrival will be a good thing for shareholders, Belgian or foreign. He will bring new ideas," said Patrick Vermeulen, an analyst with Dewaay, Sebille Serruys & Compagnie in Brussels. "I don't see him as a raider. I see him as an industrialist."

U.S. Prices Rose 0.1% for Month, 4.4% for Year

Housing Starts Plunged 16.2% Last Month

Compiled by Our Staff From Dispatches WASHINGTON — Inflation in the United States has continued to grow moderately, the Labor Department reported Wednesday, with the Consumer Price Index up 0.1 percent for December and 4.4 percent for all of 1987.

December's increase, which followed a 0.3 percent rise in the index in November and an 0.4 percent jump in October, was the smallest for a month since July 1986, when the index was unchanged.

The 4.4 percent rise for 1987 was four times the 1986 rate and the biggest annual jump in prices since the 8.9 percent leap in 1981. But analysts were not overly concerned.

"It was just the energy prices coming up from the abnormally low level of 1986," said David Wyss, an economist with Data Resources Inc., an economic consulting company in Lexington, Massachusetts. "The overall picture is very stable for inflation."

While the inflation rate of 1.1 percent for 1986, the lowest in more than two decades, had been held back by a 19.7 percent collapse in world oil prices, much of the 1987 increase reflected an 8.2 percent rebound in energy costs.

In December, energy costs fell 1.1 percent, including a 2.2 percent decline for gasoline, a 1.5 percent fall for heating oil and a 0.2 percent drop for natural gas and electricity.

For the year, gasoline prices gained 18.6 percent and heating oil costs 12.9 percent. Natural gas and electricity charges were up 0.3 percent.

Food and beverage costs rose 3.5 percent for all of 1987. In December, they gained 0.5 percent, led by a record 72.4 percent jump in lettuce prices because of disease and bad weather in California and Arizona, the main growing areas.

Without the volatile food and energy categories, consumer prices rose by 3.5 percent in 1987, and by 0.1 percent in December.

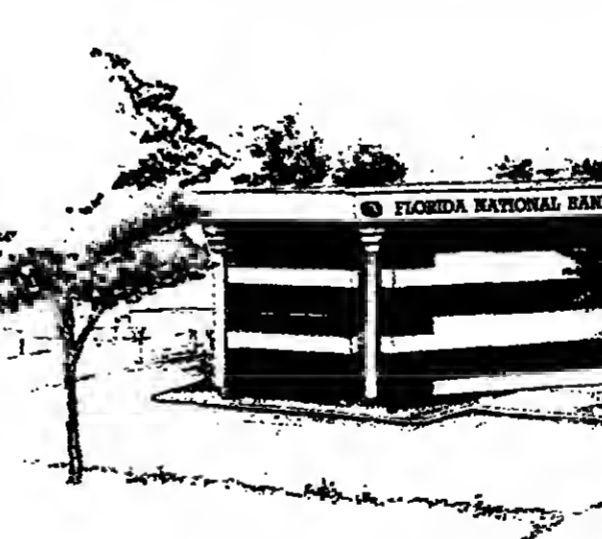
The Consumer Price Index is based on a hypothetical selection of goods and services. The companion Producer Price Index, released last week, showed wholesale prices rising a more modest 2.2 percent in 1987.

See INFLATION, Page 13

NEW ISSUE

NEW ISSUE OFFER CLOSES 29 FEBRUARY, 1988 +320% OVER TEN YEARS

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Wednesdays NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock Div. Yld. PE	12 Month High Low Stock Div. Yld. PE	12 Month High Low Stock Div. Yld. PE	
3M	11 1/2	11 1/2	11 1/2
4M	11 1/2	11 1/2	11 1/2
5M	11 1/2	11 1/2	11 1/2
6M	11 1/2	11 1/2	11 1/2
7M	11 1/2	11 1/2	11 1/2
8M	11 1/2	11 1/2	11 1/2
9M	11 1/2	11 1/2	11 1/2
10M	11 1/2	11 1/2	11 1/2
11M	11 1/2	11 1/2	11 1/2
12M	11 1/2	11 1/2	11 1/2

12 Month High Low Stock Div. Yld. PE	12 Month High Low Stock Div. Yld. PE
13M	11 1/2
14M	11 1/2
15M	11 1/2
16M	11 1/2
17M	11 1/2
18M	11 1/2
19M	11 1/2
20M	11 1/2
21M	11 1/2
22M	11 1/2
23M	11 1/2
24M	11 1/2
25M	11 1/2
26M	11 1/2
27M	11 1/2
28M	11 1/2
29M	11 1/2
30M	11 1/2

12 Month High Low Stock Div. Yld. PE	12 Month High Low Stock Div. Yld. PE
31M	11 1/2
32M	11 1/2
33M	11 1/2
34M	11 1/2
35M	11 1/2
36M	11 1/2
37M	11 1/2
38M	11 1/2
39M	11 1/2
40M	11 1/2
41M	11 1/2
42M	11 1/2
43M	11 1/2
44M	11 1/2
45M	11 1/2
46M	11 1/2
47M	11 1/2
48M	11 1/2
49M	11 1/2
50M	11 1/2

12 Month High Low Stock Div. Yld. PE	12 Month High Low Stock Div. Yld. PE
51M	11 1/2
52M	11 1/2
53M	11 1/2
54M	11 1/2
55M	11 1/2
56M	11 1/2
57M	11 1/2
58M	11 1/2
59M	11 1/2
60M	11 1/2
61M	11 1/2
62M	11 1/2
63M	11 1/2
64M	11 1/2
65M	11 1/2
66M	11 1/2
67M	11 1/2
68M	11 1/2
69M	11 1/2
70M	11 1/2

12 Month High Low Stock Div. Yld. PE	12 Month High Low Stock Div. Yld. PE
71M	11 1/2
72M	11 1/2
73M	11 1/2
74M	11 1/2
75M	11 1/2
76M	11 1/2
77M	11 1/2
78M	11 1/2
79M	11 1/2
80M	11 1/2
81M	11 1/2
82M	11 1/2
83M	11 1/2
84M	11 1/2
85M	11 1/2
86M	11 1/2
87M	11 1/2
88M	11 1/2
89M	11 1/2
90M	11 1/2

12 Month High Low Stock Div. Yld. PE	12 Month High Low Stock Div. Yld. PE
91M	11 1/2
92M	11 1/2
93M	11 1/2
94M	11 1/2
95M	11 1/2
96M	11 1/2
97M	11 1/2
98M	11 1/2
99M	11 1/2
100M	11 1/2
101M	11 1/2
102M	11 1/2
103M	11 1/2
104M	11 1/2
105M	11 1/2
106M	11 1/2
107M	11 1/2
108M	11 1/2
109M	11 1/2
110M	11 1/2

12 Month High Low Stock Div. Yld. PE	12 Month High Low Stock Div. Yld. PE
111M	11 1/2
112M	11 1/2
113M	11 1/2
114M	11 1/2
115M	11 1/2
116M	11 1/2
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118M	11 1/2
119M	11 1/2
120M	11 1/2
121M	11 1/2
122M	11 1/2
123M	11 1/2
124M	11 1/2
125M	11 1/2
126M	11 1/2
127M	11 1/2
128M	11 1/2
129M	11 1/2
130M	11 1/2

12 Month High Low Stock Div. Yld. PE	12 Month High Low Stock Div. Yld. PE
131M	11 1/2
132M	11 1/2
133M	11 1/2
134M	11 1/2
135M	11 1/2
136M	11 1/2
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138M	11 1/2
139M	11 1/2
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141M	11 1/2
142M	11 1/2
143M	11 1/2
144M	11 1/2
145M	11 1/2
146M	11 1/2
147M	11 1/2
148M	11 1/2
149M	11 1/2
150M	11 1/2

12 Month High Low Stock Div. Yld. PE	12 Month High Low Stock Div. Yld. PE
151M	11 1/2
152M	11 1/2
153M	11 1/2
154M	11 1/2
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158M	11 1/2
159M	11 1/2
160M	11 1/2
161M	11 1/2
162M	11 1/2
163M	11 1/2
164M	11 1/2
165M	11 1/2
166M	11 1/2
167M	11 1/2
168M	11 1/2
169M	11 1/2
170M	11 1/2

12 Month High Low Stock Div. Yld. PE	12 Month High Low Stock Div. Yld. PE
171M	11 1/2
172M	11 1/2
173M	11 1/2
174M	11 1/2
175M	11 1/2
176M	11 1/2
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178M	11 1/2
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188M	11 1/2
189M	11 1/2
190M	11 1/2

12 Month High Low Stock Div. Yld. PE	12 Month High Low Stock Div. Yld. PE
191M	11 1/2
192M	11 1/2
193M	11 1/2
194M	11 1/2
195M	11 1/2
196M	11 1/2
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204M	11 1/2
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207M	11 1/2
208M	11 1/2
209M	11 1/2
210M	11 1/2

12 Month High Low Stock Div. Yld. PE	12 Month High Low Stock Div. Yld. PE
211M	11 1/2
212M	11 1/2
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230M	11 1/2

12 Month High Low Stock Div. Yld. PE	12 Month High Low Stock Div. Yld. PE
231M	11 1/2
232M	11 1/2
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244M	11 1/2
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249M	11 1/2
250M	11 1/2

12 Month High Low Stock Div. Yld. PE	12 Month High Low Stock Div. Yld. PE
251M	11 1/2
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270M	11 1/2

12 Month High Low Stock Div. Yld. PE	12 Month High Low Stock Div. Yld. PE
271M	11 1/2
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12 Month High Low Stock Div. Yld. PE	12 Month High Low Stock Div. Yld. PE
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304M	11 1/2
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309M	11 1/2
310M	11 1/2

12 Month High Low Stock Div. Yld. PE	12 Month High Low Stock Div. Yld. PE
311M	11 1/2
312M	11 1/2
313M	11 1/2
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318M	11 1/2
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323M	11 1/2
324M	11 1/2
325M	11 1/2
326M	11 1/2
327M	11 1/2
328M	11 1/2
329M	11 1/2
330M	11 1/2

U.S. Futures

Via The Associated Press

Season High	Season Low	Open	High	Low	Close	Chg.
WHEAT (COT)	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	
CORN (COT)	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	
SOYBEANS (COT)	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	
SOYBEAN MEAL (COT)	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	
SOYBEAN OIL (COT)	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	

Season High	Season Low	Open	High	Low	Close	Chg.
COFFEE (CNYCSCS)	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	
SUGARWORLD II (NYCSCS)	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	
COCOA (NYCSCS)	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	
DRAGONER JUICE (NYCSCS)	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	

Season High	Season Low	Open	High	Low	Close	Chg.
CATTLE (CME)	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	
FEDER CATTLE (CME)	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	

Season High	Season Low	Open	High	Low	Close	Chg.
PHILADELPHIA EXCHANGE	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	
30 DAY T-BILLS (HAM)	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	
90 DAY T-BILLS (HAM)	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	
180 DAY T-BILLS (HAM)	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	

Season High	Season Low	Open	High	Low	Close	Chg.
SP. COMP. INDEX (CME)	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	
NYSE COMP. INDEX (NYSE)	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	
COMMODITY INDEXES	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	

Season High	Season Low	Open	High	Low	Close	Chg.
PARIS COMMODITIES	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	</

BUSINESS ROUNDUP

Fast-Growing Nokia to Buy Ericsson Data Systems

By Juris Kaza
Special to the Herald Tribune
STOCKHOLM — Oy Nokia AB, the Finnish electronics and industrial group, said Wednesday that it would acquire the data systems division of Ericsson Information Systems AB of Sweden and merge it with its own office automation activities.

largest supplier of data terminals in Europe, Nokia said.
EIS has posted losses in recent years, but the president of the Ericsson group, Bjorn Svedberg, said, "We are selling a company that is restructured and profitable."
Yet he added that the sale's principal effect on the Ericsson group would be "to allow us to put a greater effort into the units that are more profitable."

He referred to the new company and Nokia's agreement in December to buy the consumer electronics business of Standard Elektrik Lorenz AG of West Germany.
But Mr. Owen of Savory Millin said Nokia's acquisitions reflected "a good sense of timing."

Study Says BP Undervalues Britoil Shares by 249 Pence

LONDON — Britoil PLC said Wednesday that its shares were worth 55 percent more than British Petroleum Co. has offered to pay for them in a takeover bid.
The North Sea oil producer said that according to an independent valuation of its assets by Robertson ERC Ltd., Britoil shares were worth 699 pence (\$12.43) each. Last Thursday, BP offered 450 pence a share for the 70.1 percent of Britoil that BP does not already own. Britoil shares jumped 23 pence to 477 pence on the announcement before easing to 473 pence in late trading on the London Stock Exchange.

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Table with multiple columns for company names (e.g., British, American, Japanese), years (1987, 1986), and financial metrics (Revenue, Net Inc., Per Share).

Volvo Posts Record Year For Profit

STOCKHOLM — Volvo AB on Wednesday reported record pretax profit of 9 billion kronor (\$1.5 billion) for 1987, a 20 percent increase over the 1986 figure of 7.5 billion kronor.

The result was substantially better than analysts had expected. Most had said the company would do well to match its 1986 profit.
Volvo estimated that the lower U.S. dollar reduced sales by around \$4 billion kronor. That left group sales, at \$2.4 billion kronor, still 10 percent above the previous year.

Ruling on Benedictine Bid

PARIS — Benedictine SA, the French liquor manufacturer, was told Wednesday by the French stock market commission to delay an extraordinary shareholders meeting called for next Monday, at which stockholders were to be asked to approve an increase in capital.

The delay is to allow shareholders time to consider a hostile takeover bid by a unit of the cognac house E. Remy Martin & Compagnie. Benedictine's board rejected the offer, made Monday. The commission said it would not be possible to distribute details of the Remy & Associates offer before Thursday.

American Home Wins Robins Over Cash Up Front for Dalkon Claims Beats Sanofi, Rorer Bids

By Barnaby J. Feder
New York Times Service
NEW YORK — A.H. Robins Co., abandoning an agreement to be taken over by Sanofi SA of France, has accepted a sweetened bid from American Home Products Corp.

The deal announced Tuesday had already been endorsed by representatives of shareholders of Robins, a pharmaceuticals company based in Richmond, Virginia. It ended a bidding war that had pitted American Home against Rorer Group Inc. and Sanofi, a unit of the French state oil company Société Nationale Elf Aquitaine.

PEORIA: European Buyers Let the Locals Run Things

(Continued from first finance page)
employment, said. "When you are in the service business, all you really have is the ability of the people operating the business."

Manpower Inc. was acquired last year by Blue Arrow PLC, Britain's largest employment agency, for \$1.3 billion. "To change the people who they paid a lot of money to buy," Mr. Fromstein said.

ADVERTISMENT

THORN EMI PLC (CDRs)
The undersigned announces that as from 29th January 1988 it has associated N.V. Spuisstraat 172, Amsterdam, the CDRs Thorn EMI PLC, each repr. 50 shares, will be payable with Divs. 22.61 (re final dividend for the year ended 03.31.1987) 13.5p per share. Tax-credit £2.25 = Divs. 7.53 per CDR. Non-residents of the United Kingdom can only claim this tax credit when the relevant tax treaty meets this facility.

Apple Computer's Net Profit Rocketed 108% in Quarter

CUPERTINO, California — Apple Computer Inc. said Wednesday that net profit, buoyed by new products, shot up by 108 percent in its most recent quarter to a record \$121.4 million.

Sales rose 57 percent to \$1.04 billion from \$662.5 million. Profit for the first fiscal quarter, which ended Jan. 1, was equivalent to 92 cents a share. In the earlier quarter, net profit had been \$38.5 million, or 45 cents a share.

ROYAL: Scottish Bank Casts a Line in Eastern U.S.

(Continued from first finance page)
prominent to diversify and broaden our base.
Royal Bank is represented in the United States by a full branch in New York and representative offices in Chicago, San Francisco, Los Angeles and Houston.

George Mathewson, director of strategic planning at Royal Bank of Scotland Group PLC, said that net profit, buoyed by new products, shot up by 108 percent in its most recent quarter to a record \$121.4 million.

Business School Lausanne

M.B.A.
Introduction in February 1988
The Master of Business Administration, Specialized in International Money & Banking or Global Business.

Micro-Stampede

What to happen when a U.S. integrated circuit supplier is able to load a \$400 microchip with as much operating capacity as the bureaucracy of a medium-sized nation?

LATIN AMERICA TOWARDS RENEWED GROWTH
London, February 11-12, 1988
The second international conference co-sponsored by the International Herald Tribune and the Inter-American Development Bank.
Our second major international conference on Latin America brings together an outstanding group of speakers from Latin America, Europe and the United States to review major new developments in the region and look for new ways forward.

U.S. Treasury

U.S. Treasury
U.S. Treasury
U.S. Treasury

Dividends

Dividends
Dividends
Dividends

Energy Resources Growth Fund

Energy Resources Growth Fund
Energy Resources Growth Fund
Energy Resources Growth Fund

Indigo

Indigo
Indigo
Indigo

Wednesdays AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High/Low, Div. Yld. PE, and Stock symbols. Lists various market indices and individual stocks.

Table with columns: 12 Month High/Low, Div. Yld. PE, and Stock symbols. Continuation of market data.

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INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 20th Jan. 1988

Net asset value quotations are supplied by the Funds listed with the exception of those marked on these pages.

Large table listing various international funds with columns for fund name, currency, and other details.

Other Funds

Table listing other funds including various international and domestic investment vehicles.

Floating-Rate Notes

Table listing floating-rate notes with columns for issuer, coupon, and bid/ask prices.

Deutsche Marks

Table listing Deutsche Marks with columns for issuer, coupon, and bid/ask prices.

Japanese Yen

Table listing Japanese Yen with columns for issuer, coupon, and bid/ask prices.

Be sure that your fund is listed in this space daily. Telex Matthew GREENE at 613592P for further information.

Vertical advertisement for 'PENNY MARKETS' and 'OTC Prices'.

Large vertical advertisement for 'Wednesdays OTC Prices'.

Small text at the bottom of the floating-rate notes section.

CURRENCY MARKETS

Dollar Falls on U.S. Trade Worries

NEW YORK — The dollar fell Wednesday in New York and Europe amid worry that the narrowing of the U.S. trade deficit in November might have been an aberration.

London Dollar Rates

Table with columns: Currency, Bid, Ask, Bid, Ask. Includes Deutsche mark, Swiss franc, French franc, Italian lira.

The dollar closed in London at 1.6610 DM, down from 1.6765 DM at Tuesday's close, and at 127.55 yen, down from 128.60.

Rumor Leads To Real Blow For Markets

LONDON — Did the Washington Post report Wednesday morning that the U.S. trade figures announced last week had understated the November deficit by \$3 billion?

SUFFER: Costly Lesson in Politics

plunge in the dollar this election year, which could be both economically and psychologically disturbing to the electorate and to foreign governments.

Restated Deficit Shrinks in U.S.

WASHINGTON — The U.S. Commerce Department said Wednesday that November's merchandise trade deficit, after deducting freight and insurance costs, shrank to \$11.68 billion from \$15.96 billion in October.

SOVIET: U.S. Shift Seen on GATT

which make loans in poorer countries, and GATT, which organizes the world trading system, "are mainly concerned with improving relations among free individuals, business and financial institutions," the presidential document said.

Japan's Surplus Draws EC Threat

BRUSSELS — A top official of the European Community on Wednesday assailed Japan's widening trade surplus with the 12-nation bloc and complained that Tokyo was more susceptible to pressures from Washington.

Japan's Surplus Draws EC Threat

BRUSSELS — A top official of the European Community on Wednesday assailed Japan's widening trade surplus with the 12-nation bloc and complained that Tokyo was more susceptible to pressures from Washington.

the community," he said in a statement. "This negative tendency can be reversed only by firmer action still, and particularly more solidarity from the community and its member states."

According to the Japanese Finance Ministry, the nation's overall trade surplus in 1987 was \$79.83 billion, 3.5 percent narrower than \$82.74 billion in 1986.

INFLATION: Moderate Rate

(Continued from first finance page) ed in categories such as apparel and new automobiles.

Service prices as a whole rose 4.6 percent in 1987, including a 5.8 percent rise in medical care and a 4.0 percent rise in entertainment costs. Medical care costs were up 0.4 percent in December and entertainment costs 0.3 percent.

In general, inflation was greater in the first half of 1987, when it advanced at an annual rate of 5 percent, than in the second half, when oil prices again eased.

EX High-Lows

Table with columns: High, Low, Change. Lists various stock indices and their performance.

buys Wilcox Electric

Thomson-CSF, the French group, took a major stake in Wilcox Electric Inc. in a move to expand its defense electronics business.

Auto Output Seen to Rise

South Korean auto output is expected to rise 43 percent to 1.5 million units in 1988, according to the Trade Ministry.

Deutsche Bank

Deutsche Bank is expected to report a profit of \$1.2 billion for 1987, according to analysts.

Japanese Yen

The Japanese yen is expected to rise against the dollar in 1988, according to market forecasts.

ECU

The European Currency Unit (ECU) is expected to remain stable against the dollar in 1988.

Wednesday's OTC Prices

Table with columns: Symbol, Price, Change. Lists various OTC securities and their prices.

NASDAQ prices as of 4 p.m. New York time

Table with columns: Symbol, Price, Change. Lists various NASDAQ securities and their prices.

12 Month High Low Stock Div. Yld. % High Low 4 P.M. Chg.

Table with columns: Symbol, Price, Change. Lists various 12-month high/low stock prices.

12 Month High Low Stock Div. Yld. % High Low 4 P.M. Chg.

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12 Month High Low Stock Div. Yld. % High Low 4 P.M. Chg.

Table with columns: Symbol, Price, Change. Lists various 12-month high/low stock prices.

Wednesday's AMEX Closing

Table with columns: Symbol, Price, Change. Lists various AMEX securities and their closing prices.

Tables include the following securities

Table with columns: Symbol, Price, Change. Lists various AMEX securities.

(Continued)

Table with columns: Symbol, Price, Change. Lists various AMEX securities.

(Continued)

Table with columns: Symbol, Price, Change. Lists various AMEX securities.

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Table with columns: Symbol, Price, Change. Lists various AMEX securities.

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Table with columns: Symbol, Price, Change. Lists various AMEX securities.

(Continued)

Table with columns: Symbol, Price, Change. Lists various AMEX securities.

(Continued)

Table with columns: Symbol, Price, Change. Lists various AMEX securities.

Vertical text on the right edge of the page, possibly a page number or reference.

SPORTS

Edberg, Wilander Gain Australian Open Semis

MELBOURNE — Defending champion Stefan Edberg withstood a magnificent challenge from Andrei Chesnokov Wednesday night to scrape through to the semifinals of the Australian Open tennis tournament.

Edberg, seeded second and looking for his third straight Australian crown, used all his guile in turning back the Soviet challenger, 4-6, 7-6 (7-5), 6-4, 6-4. Edberg will meet Swedish compatriot Mats Wilander, the third seed, in Friday's semifinal. The winner here in 1983-84, Wilander advanced by grinding down Anders Jarryd of Sweden, 7-6 (7-5), 6-2, 6-3.

The other semifinal will pit Ivan Lendl of Czechoslovakia, the world's top-ranked player, against Australian Pat Cash, who is seeded fourth here and who defeated Lendl for the 1986 Wimbledon crown. Neither has lost a set in the tournament.

Chesnokov, the only unseeded player to make the quarterfinals, stunned Edberg and the crowd of 15,000 at center court with his nearly perfect play in the opening set.

He raced through a lethargic Edberg with solid ground strokes and two-tisted backhands. "Come on, Andy," fans yelled as Chesnokov bolted to a 4-2 lead and held a break point for 5-3 in the second set.

The match's turning point came in the second-set tiebreaker, when, at 5-5, Edberg appeared to hit a forehand wide. The ball was ruled out by the linesman, but umpire Bruno Rubush decided the point should be replayed. Edberg made it 6-5 on a forehand volley, won the set with an unplayable first serve and then gradually took control of the 2-hour, 50-minute match.

"I thought the shot was out," Chesnokov said of the tiebreaker's 11th point, "but I cannot complain. I am very happy with the way I played and with the way the crowd supported me."

"I felt empty out there," Edberg said, "but I decided to keep working and to keep the ball in court. I may not be playing well, but I'm still winning and that's a good feeling. At least I was fighting hard. Chesnokov gave me a lot of trouble. I know I'll have to lift my game to another level against Mats."

Wilander was a model of consistency amid difficult swirling winds. Jarryd provided stiff opposition throughout the 80-minute first set, and Wilander had to fend off three set points in the 10th game. After that, Jarryd's baseline game fell away as Wilander outlasted him in a number of baseline slugging duels.

Wilander was more adventurous than usual, particularly in the second set when he advanced to the net with surprising regularity. He did not serve a single double fault, and the errors he did make came mostly at the net.

The women finalists will be decided Thursday, when Steffi Graf meets German Claudia Kohde-Kilsch and Chris Evert takes on Martina Navratilova. (UPI/AP)

VANTAGE POINT/Tony Kornheiser

A Winning Record and All Due Respect

WASHINGTON — Please pay attention, because I'm only going to do this once. For the next two weeks, as we all participate in the Super Bowl schmooze, stories in newspapers, radio and television will seize upon the notion that the Washington Redskins are given no respect. You might see the phrase "Rodney Dangerfields of the NFL" and you might hear an endless parade of Redskins biterly denounce the media for underrating them.

It has started already. Chomping on a cigar after the victory over Minnesota in the National Conference title game, Mark May intoned: "We defied the odds. But they're never satisfied. They don't care who we beat — they never give us our due." Are you now, or have you ever been, a tight? The basic tenet of the theme is that everyone not draped in burgundy and gold thinks the Redskins couldn't beat The Golden Girls.

There may have been some truth to it in 1982, when the Redskins exploded to 8-1 from 8-8 the previous year, but it was ridiculous in 1983 when they dominated the National Football League and its derivative now.

Enough. Cease and desist. I don't know why the Denver Broncos are favored to win the Super Bowl. I guess people think John Elway is good enough to win it. And I can understand how they might conclude the Redskins are vulnerable to a great quarterback — Dan Marino, one of the select few on Elway's side of the table, beat Washington this season virtually by himself.

Still, the people I've talked to who closely follow the American Conference West say that Denver is about as good as it was last season, not necessarily better, while the Redskins seem to be improved.

Last season, in Denver, the Broncos beat the Redskins by 31-30 in a game that saw Max Baucus blow one extra punt and two field goals. It was his last game as Washington's kicker. If Denver is pretty much the same and if Washington is a little better and if the Super Bowl (in which, by the way, Denver is 0-2 and hasn't come within a snuff either time) will be

played at a neutral site, what rational man makes the Broncos 3½-point favorites?

Granted, I can see how Denver's becoming the favorite would prompt May and others to resurrect the theme of disrespect. But I think a better word might be "misunderstood." Because if you look at the record you'll find that during the last six seasons the Redskins

In the last six seasons the Redskins have been to the playoffs five times, the NFC championship four times and now the Super Bowl three times. If they send you a ballot for the NFL franchise of the 1980s, it would be silly to write down anything but Washington.

are the best team in the NFL. Their overall record, including playoffs, is 76-25. Denver's, for example, is 60-34-1.

Not to belabor the point, but during that span the Redskins have been to the playoffs five times, the NFC championship four times and now the Super Bowl three times. If they send you a ballot for the NFL franchise of the 1980s, it would be silly for you to write down anything but Washington.

But if disrespect is your word, consider the sources. Coach Joe Gibbs must be superstitious about being favored, because he does all he can to torpedo the notion whenever it comes up. (Same thing in politics; Nobody wants to be the front-runner until it's time to count the

votes.) Gibbs gets a rash if anyone suggests the Redskins might be better than an opponent.

Reporter: Looks like a breather next week, Joe. Not a bad move, scheduling Vostal High School.

Gibbs: The way they're playing, they've got to be considered the favorites.

Reporter: Joe, they're 16 years old.

Gibbs: Age is a tricky thing. They're amazingly quick, really well coached, and much more mature than you'd expect. It's a gut-check for us.

Reporter: Their parents want you to make sure to get them home before 9.

Gibbs covets being the underdog so he can motivate his team into a maximum effort each game. Apparently he's fearful that performance might suffer if the Redskins were actually accorded the respect they covet. But the more you hear the coach poor-mouth his team, the easier it is to fall for it.

And there's the matter of the margins this season: Washington beat the Jets by 1, the Giants by 4, the Bears by 4, the Vikings by 3 and 4. The Redskins might be influenced by the fact that while they were only 15 points shy of 17-0, they were also only 21 points away from 8-9.

But they themselves have to be impressed with their performances in their final three games, all must-win contests (two of them, by the way, on the road, where Denver hasn't played in more than a month). Put to a severe test in each game, the Redskins responded heroically. Under Gibbs, they're traditionally better not just in the second half of the season, but also in the second half of each game.

Guard Russ Grimm has been on all the Gibbs teams. "There's really no way to explain why our games are so tight," he says. "That's just us. It seemed to me like we dominated Minnesota everywhere but on the scoreboard, so people might wonder about us. On the other hand, even when we're playing bad, you look up at the scoreboard and we're still in it."

People can respect that.

SCOREBOARD

Basketball

NBA Standings

Table with columns for Eastern Conference, Central Division, Western Conference, Midwest Division, and Pacific Division. Lists teams like Boston, Detroit, Chicago, etc. with win/loss records.

U.S. College Results

Table with columns for Tuesday's Results, East, Midwest, South, Southwest, Far West, and Pacific. Lists college games and scores.

Hockey

NHL Standings

Table with columns for Wales Conference, Campbell Conference, and NHL Leaders. Lists NHL teams and their records.

Baseball

Transition

Table with columns for American League and National League. Lists MLB teams and their records.

Tennis

Australian Open

Table with columns for Men's Quarterfinals and Thursday's Schedule. Lists tennis matches and participants.

Baseball

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Table with columns for American League and National League. Lists MLB teams and their records.

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Cuba, N. Korea Make Other Plans

By Michael Janofsky
NEW YORK — Despite their announced intention not to participate in the Seoul Olympics later this year for political reasons, Cuba and North Korea are proceeding with preparations for other games to be held in their capital cities.

Scouts From 16 NBA Teams Watch Two Collegians Excel

PHILADELPHIA — Rodney Blake and Michael Anderson led their college teams to victories Tuesday night, and boosted their chances of leaving school in the National Basketball Association draft.

UEFA Puts Off Until Spring A Decision on English Clubs

MONTE CARLO — The European soccer union on Wednesday deferred until early May a decision on whether to allow English clubs to return to European competition.

Transition

BASEBALL
American League
CHICAGO — Agreed to terms with Mark Soza, catcher, on a one-year contract.

Tennis

Australian Open

Table with columns for Men's Quarterfinals and Thursday's Schedule. Lists tennis matches and participants.

Baseball

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ART BUCHWALD

'I Like You-Know-Who'

WASHINGTON — "This is probably the toughest presidential election year the pollsters have ever had," Zimmich said...



Buchwald

A Tourism Record in Tibet
The Associated Press
BEIJING — Tibet, closed to independent travelers since October because of demonstrations in Lhasa...

At 75, the Season of Erich Leinsdorf

By K. Robert Schwarz
NEW YORK — At the age of 75, Erich Leinsdorf has little use for honors, anniversaries and the like...



Leinsdorf

"I don't believe in jubilees, and I don't believe in awards."
These are words that engage the players, and the moment that the players are engaged it goes over to the public...

PEOPLE

Handicapped Author Wins £20,000 Award

The Irish author Christy Nolan, who cannot walk, talk or control his twitching limbs, won one of Britain's richest literary awards with an autobiography hampered out by a "unicorn stick" strapped to his head...

ANNOUNCEMENTS
A WORLD OF JOB OPPORTUNITIES
AWAITS YOU INSIDE TODAY'S PAGE 7

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EMPLOYMENT
DOMESTIC POSITIONS AVAILABLE
REAL ESTATE
FOR SALE

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